AR02

THE ROYAL BANK OF CANADA

Annual Report
1980

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Highlights of the Year

For the year ended October 31st	1980	1979	Increase
Balance of Revenue after Taxes (thousands)	**$327,430**	$270,713	21.0%
Dividends (thousands)	**$ 94,549**	$ 79,767	18.5%
Balance of Revenue after Taxes Per Share			
1st quarter	**$ 2.15**	$ 2.11	1.9%
2nd quarter	**$ 2.05**	$ 1.46	40.4%
3rd quarter	**$ 2.08**	$ 1.53	35.9%
4th quarter	**$ 2.64**	$ 2.30	14.8%
Full Year	**$ 8.92**	$ 7.40	20.5%
Dividends Per Share	**$ 2.52**	$ 2.18	15.6%
At October 31st			
In millions			
Assets	**$ 62,834**	$ 51,722	21.5%
Loans	**$ 37,569**	$ 31,117	20.7%
Securities	**$ 6,146**	$ 5,827	5.5%
Deposits	**$ 54,302**	$ 46,387	17.1%
Capital	**$ 2,650**	$ 2,170	22.1%
Number of			
Shareholders	**38,463**	32,058	20.0%
Shares Outstanding	**36,700,978**	36,590,400	0.3%
Employees	**36,928**	36,507	1.2%
Branches	**1,592**	1,604	(0.7%)

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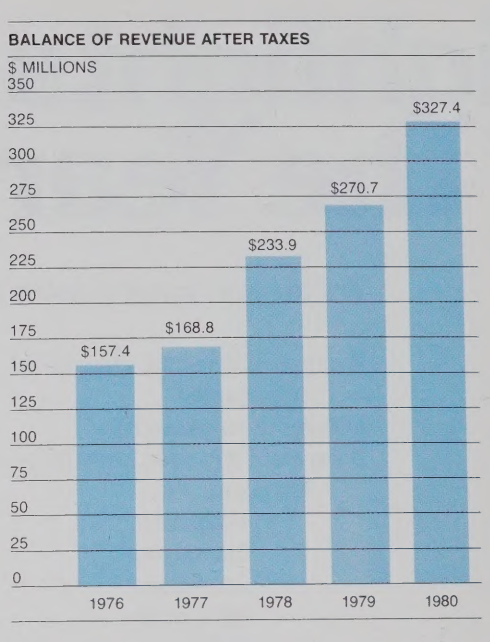
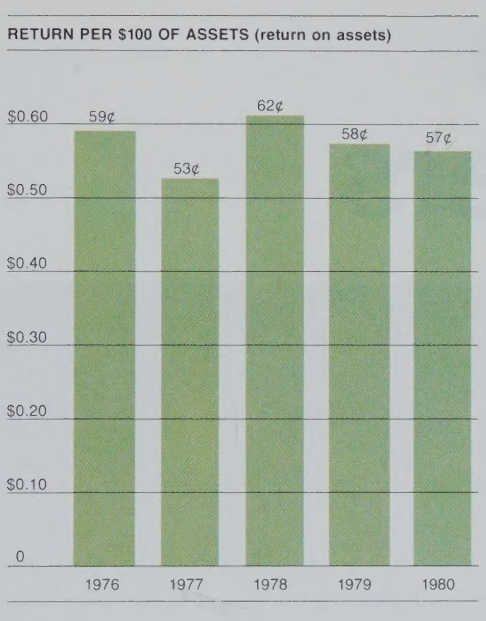
Highlights of the Year
(continued)

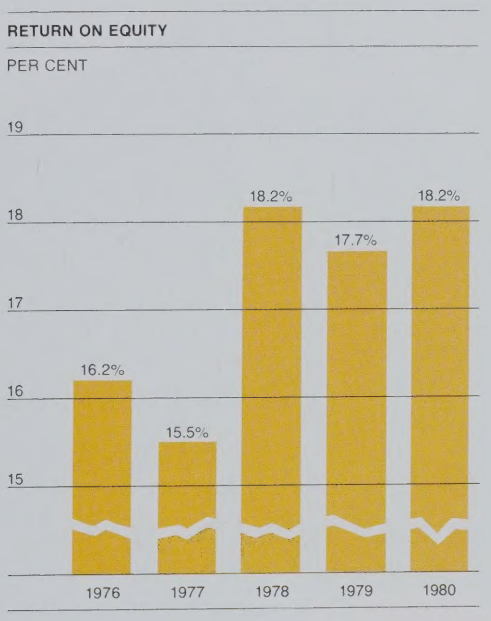
The Royal Bank of Canada reported another year of solid financial progress as the accompanying charts testify. Our *Balance of Revenue After Taxes* amounted to $327.4 million in 1980, an increase of $56.7 million, or 21 per cent above last year's level. Domestic earnings accounted for $182.0 million, up only 2 per cent from last year while our International Operations' profits made a substantial gain of 57 per cent, generating earnings of $145.4 million.

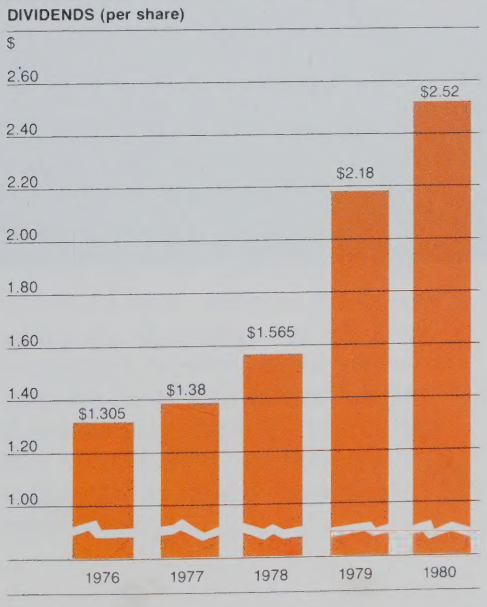
The Royal's *Earnings Per Share* totalled $8.92 for 1980, 21 per cent higher than in 1979.

For fiscal 1980, *Average Total Assets* rose 23 per cent over 1979 to $57.5 billion. Total assets passed the $60 billion mark in 1980 reaching $62.8 billion at year end.









In terms of key performance measurements, management feels return on assets and return on equity are among the most meaningful. The Royal's return on assets or, as shown in the accompanying chart, *Return Per $100 of Assets*, amounted to 57¢ in 1980, marginally lower than in 1979. This was quite satisfactory when one considers the profitability squeeze which occurred in the domestic retail operations in 1980. The Bank's *Return on Equity* was 18.2 per cent for 1980, or approximately 18¢ for every dollar of shareholders' equity. Return on equity has been maintained at virtually the same level for the past three years.

Again the Royal significantly increased its *Dividends Per Share*, which totalled $2.52, up 16 per cent from $2.18 in 1979. Dividends have nearly doubled compared to five years ago and have been increased each year for the past 13 years. As in other years, the Bank has retained a sizable proportion of earnings to maintain a strong equity position upon which future asset growth is based.

In summary, the Royal has put together another year of sound financial performance. More notably, in terms of both organizational structure and capital base, management faces the opportunities and challenges of the 80's with confidence.

Message to Shareholders

Rowland C. Frazee,
Chairman and Chief
Executive Officer

It is my pleasure to present to you my second Annual Report as Chief Executive Officer, and my first since assuming the additional post of Chairman. W. Earle McLaughlin retired from the Bank September 30, 1980, completing a remarkable career spanning 44 years. A special tribute marking his distinguished service to the Royal Bank may be found on page 64.

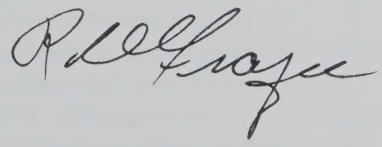
As the first year of the new decade, 1980 had more than its share of challenge and change. The world saw political turbulence, economic stress, and unprecedented volatility in financial markets. For bankers it was, frankly, a difficult year. Thus it is all the more gratifying to be able to report that the Royal Bank of Canada was able to achieve a level of performance which was above average. While conditions in Canada placed heavy pressure on the spreads and profitability of our Domestic Operations, our International Operations—while also carried on in extremely challenging circumstances—made a significantly-increased contribution to earnings and growth. Overall, our growth continued to be strong; we are Canada's largest bank and the fourth biggest bank in North America.

Looking at the environment in which we do business, both at home and abroad, I must admit I see little prospect of any significant slackening of the pace of change, and little likelihood of a return to a comfortable world of stability and low risk—if such ever existed. It is clear that those participating in the global marketplace in the coming years will have to keep their wits about them, and learn to live with ambiguity, uncertainty and risk. I am encouraged, however, by the knowledge that the officers and staff of the Royal are demonstrating—daily—that they have the skills, ingenuity and judgment to succeed in this kind of environment.

As we reported in previous communications to shareholders, we have devoted considerable attention during the last few years to review and analysis of the Bank's future operating environment. We have studied the global outlook in financial, technological, economic, political, social and market terms; developed a strategic approach to the future requirements for success; and restructured our most senior management levels in line with our plans. Some of these organizational changes are described in the immediately following pages.

More important than particular plans and structures, however, is the spirit with which the people of the Bank—at all levels—approach the future. If the world we will be facing is as challenging as we expect, it will demand of us a high level of professionalism, integrity, entrepreneurship and dedication to service.

I am happy to be able to report that in my daily contact with my colleagues in senior management, and in my observation of the work of the thousands who contribute their talent and diligence to the work of the Bank, I sense these qualities in full measure. It is my hope that as you read this Annual Report, you will share this perception, and thus share the confidence I feel for the continued success of the Bank.



Rowland C. Frazee
Chairman and Chief Executive Officer.

Corporate Strategy

Jock K. Finlayson, President

Assessment of the requirements of a changing world led, during 1980, to a restructuring of the Bank's most senior management team, to place us in a better position to devise and implement strategies for continued success in the last decades of this century.

The realignment followed three years of study and research to identify the probable changes in banking and society—in Canada and around the world.

The studies showed clearly that the 1980's will be turbulent, and that corporations throughout the world will be faced with unparalleled economic, political, social and technological change in this decade and beyond.

It was concluded that six key external factors face the Bank in the eighties: inflation, energy requirements, global redistribution of economic and political power, an unstable world monetary system, increasing political tension, and the impact of new technology.

Assessment of these factors, and a review of our current business strategies, has enabled us to delineate clearly the kind of bank we must be if we are to be effective in meeting the challenges of change.

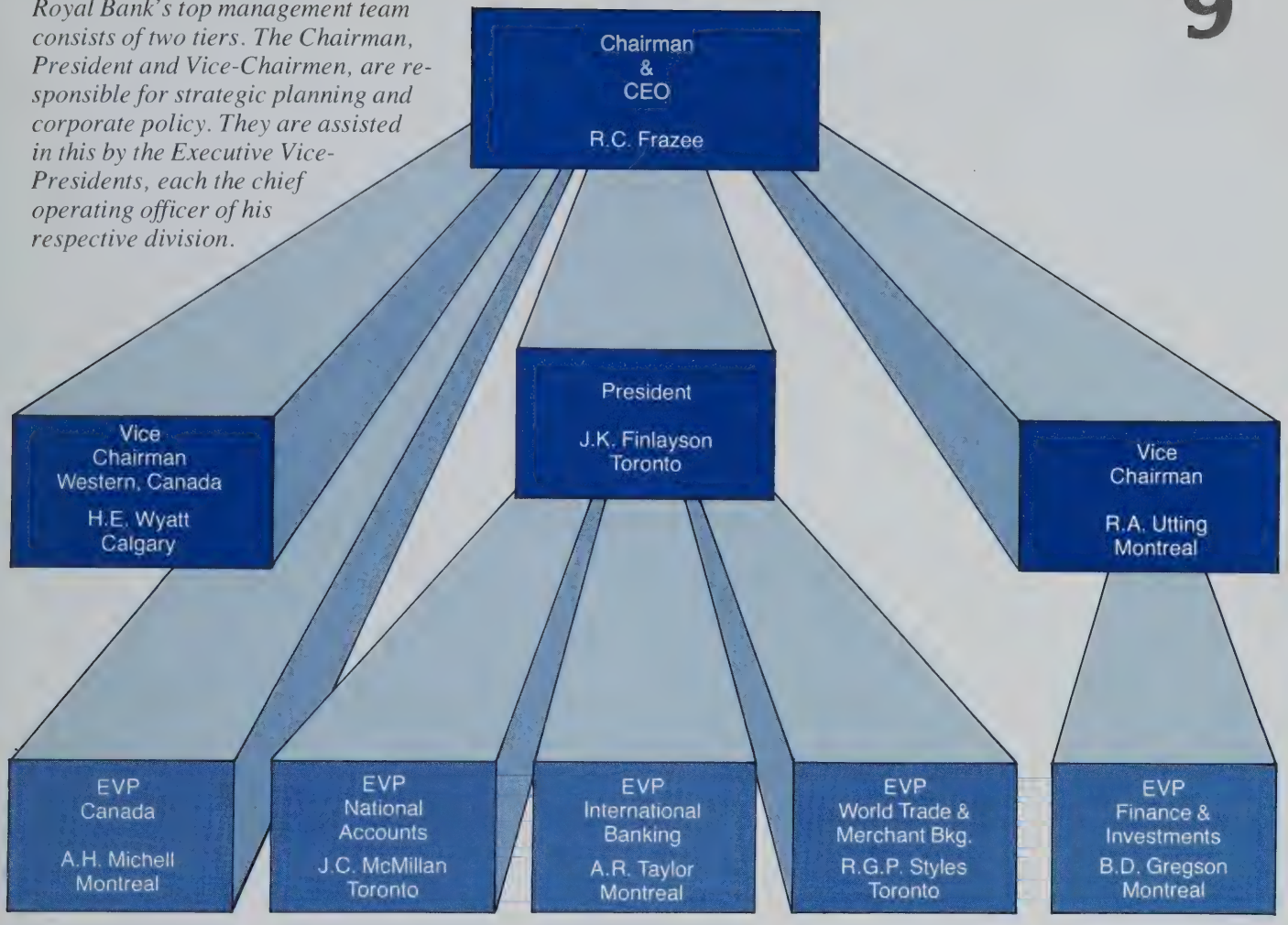
Our studies indicate we must add to our competence and professionalism if we are to maintain our leadership position as Canada's number one bank, and in the process, increase our productivity, market share and profits. This means developing capabilities to react more quickly to business opportunities and maintain maximum flexibility in our operations.

At the same time, we have reaffirmed the need to continue to take a human approach in our corporate activity, recognizing the dignity and worth of the individual. The Royal has a reputation of providing leadership and speaking out on public issues where we have a contribution to make, and this full participation in the processes of society remains a high priority.

The management structural changes represent one of the most significant moves in the Royal's history. Primarily, they allow senior executives greater autonomy in managing major sections of the overall bank, thus providing a seasoned and experienced team to back up the Chief Executive Officer and provide for logical management succession.

The Bank is expected to grow quite remarkably in the near-term, reaching an anticipated $200 billion in assets by the 1990's, thus making it essential that the foundation be laid now for effective management of one of the world's largest corporations.

Royal Bank's top management team consists of two tiers. The Chairman, President and Vice-Chairmen, are responsible for strategic planning and corporate policy. They are assisted in this by the Executive Vice-Presidents, each the chief operating officer of his respective division.



Top management is now composed of a two-tier team: the Chairman, the President and the two Vice-Chairmen; and the team of five Executive Vice-Presidents.

The Chairman, President and Vice-Chairmen are the top-tier group responsible for strategic planning and corporate policy, assisted in these corporate tasks by the Executive Vice-Presidents. These latter are the new chief operating officers of their respective ''banks'', and the top level advocates for their designated businesses. In this context, the field general managers, who report to the Executive Vice-Presidents, have a strengthened role within the Bank as increased stress is placed on their role as local and regional sensing agents of market conditions.

The top management team has certain strategic tasks for which it is collectively responsible. Establishing the Bank's broad strategic direction is the most important, along with determining corporate goals, business strategies and action plans. Secondly, its members are responsible for building professionalism and competence as bankers and as managers. Top management is rethinking management development policies and programs for the 80's and creating a climate where building competence and professionalism is an essential part of every management person's responsibility.

The strategic team is led by Rowland C. Frazee, Chairman and Chief Executive Officer, and includes Jock K. Finlayson, President, in Toronto; Robert A. Utting, Vice-Chairman, in Montreal; and Hal E. Wyatt, Vice-Chairman, in Calgary.

The number two executive officer is the President, Jock K. Finlayson, situated in Toronto. His role is to direct and integrate our international corporate banking activities world-wide, including Canada. The Bank's recently created World Trade and Merchant Banking Division, as well as the International Division and the National Accounts Division report directly to him.

Robert A. Utting, formerly Chief General Manager of the Bank, is responsible for the Bank's financial strategies on a world-wide basis. He is also chairman of the Royal's Asset and Liability Policy Committee and the Credit Policy Committee.

Hal E. Wyatt, based in Calgary, is the Bank's most senior representative in Western Canada, and is also responsible for strategic direction of the Global Energy and Minerals Group, a corporate function with headquarters in Calgary, and the Agricultural Group, a corporate function with headquarters in Winnipeg.

The second tier of five Executive Vice-Presidents and divisional heads consists of: J.C. (John) McMillan, Toronto, National Accounts; A.H. (Mike) Michell, Montreal, Canada Division; A.R. (Al) Taylor, Montreal, International; B.D. (Brian) Gregson, Montreal, Finance and Investments; and R.G.P. (Geoff) Styles, Toronto, World Trade and Merchant Banking.

Each of these is responsible, as chief operating officer, for a distinct area of business: managing a bank within the overall Bank. As well, each has a corporate role, as a member of the corporate strategic management team. Our goal is to strike a fruitful balance between co-ordinated and consistent basic corporate policy and strategic planning, on the one hand, and decentralized operational decision-making, on the other. Day-to-day management, we believe, should be as close to the specifics of the marketplace as possible; but should be carried on within the context of strong and consistent policy guidelines, flowing from clearly articulated strategic plans.

This balance between consistency of strategic direction and decentralization of operations extends beyond the Royal Bank itself—an equal member of the second-tier management team of the Royal Bank group is R.C. (Rob) Paterson, who has been seconded from the Bank to head up and assume overall responsibility for affiliated banks and financial organizations based in Europe. This important and growing segment of the Royal Bank group's activities world-wide is now a complex, integrated operation requiring the leadership and direction of an experienced and senior officer such as Mr. Paterson, who is based in London, England.

Our analysis of the Bank and the world around it has not revealed any secret path into a risk-free future. We assume that the near-term global environment for international financial institutions will continue to be hazardous but manageable. We have undertaken this broad reassessment of our business strategies and realigned our management structure in order to face those tasks with greater professionalism, while identifying and capitalizing upon new opportunities both in Canada and abroad.

R.A. Utting,
Vice-Chairman

H.E. Wyatt,
Vice-Chairman

Report on the Year's Operations

Corporate Overview

Branches are at the heart of the domestic banking system.

As mentioned in the Highlights of the Year at the beginning of this Report, the Royal had a strong year in terms of its financial performance. The challenges were substantial, particularly for domestic banking, but it is felt that both financial and organizational accomplishments were significant.

The following analysis of operations is separated into a Corporate Overview, Domestic Operations and International Operations. This is to ensure a clear differentiation among the major segments and to highlight new developments in the Bank's operations and structure.

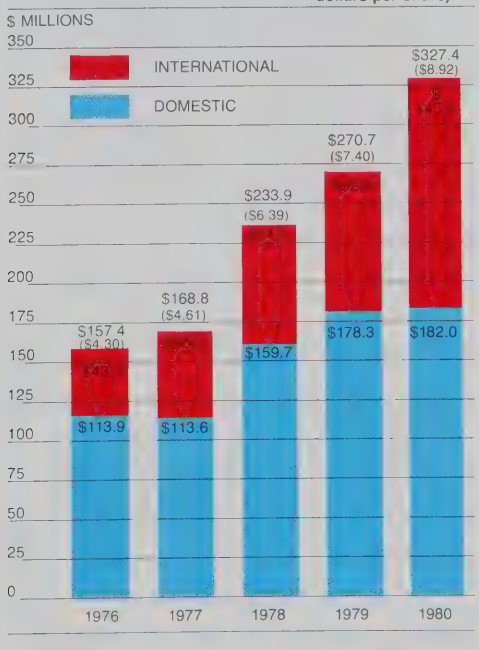
Balance of Revenue After Taxes

For fiscal 1980, the Royal earned $327.4 million after-tax, an increase of 21 per cent over last year. On a per share basis, this represents $8.92, also an increase of 21 per cent. This year there was almost no dilution effect from our September 1980 rights offering.

As can be seen in Chart 1, Domestic Operations earned $182.0 million, up only marginally from 1979, while profits from International Operations surged 57 per cent to $145.4 million, nearly triple the level of three years ago. The International Operations generated nearly 45 per cent of total Bank earnings. This strong international performance clearly highlights the advantage of the Royal's global diversification.

CHART 1

BALANCE OF REVENUE AFTER TAXES (in brackets—dollars per share)



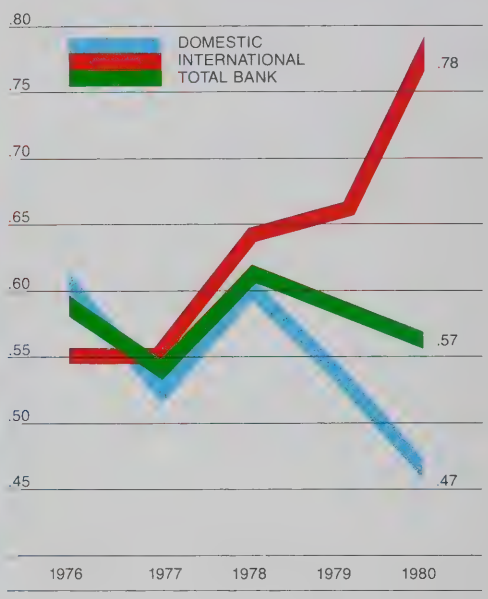
Royal Bank Plaza, a familiar landmark in Toronto, is one of the seven Canadian district headquarters, each responsible for a network of branches.

CHART 2

TOTAL ASSETS (annual average)

CHART 3

RETURN ON ASSETS (balance of revenue after taxes as a percentage of average total assets)



Assets

Total assets of the Bank were $62.8 billion at October 31, 1980, an increase of $11.1 billion or 21 per cent over 1979. Initial consolidations of several international subsidiaries accounted for approximately $1.0 billion of the growth.

The Bank's average total assets, a measure of the business the Bank had in place throughout the year, amounted to $57.5 billion in 1980, an increase of 23 per cent over 1979. This total included domestic assets of $38.8 billion, up 18 per cent and international assets of $18.7 billion, up 34 per cent. (Chart 2)

Return on Assets

The Royal Bank's return on average total assets declined marginally from 0.58 per cent in 1979 to 0.57 per cent this year. Expressed another way, the Royal earned 57¢ per $100 of average total assets in 1980, one cent lower than the prior year. As Chart 3 indicates, differences between domestic and international profitability became even more dramatic this year. Domestic Operations' return on assets fell from 0.54 per cent to 0.47 per cent. As will be explained, the major cause of the decline was a considerable narrowing of domestic margins. Counterbalancing much of this decline was the continued improvement in International Operations' return on assets which climbed 12 basis points to 0.78 per cent.

Net Interest Revenue

The continued decline in per cent taxable equivalent net interest revenue, or "spread", was a major concern to management in 1980. This item takes into account the effect of income from tax-exempt Canadian securities. As shown on Chart 4, the percentage spread for the Bank fell from 2.78 in 1979 to 2.66.

A number of factors contributing to this decline will be covered in detail on the following pages. The major reason was the domestic interest rate environment which, in relation to our mix of assets and liabilities, resulted in the average cost of deposits, particularly term deposits, increasing more rapidly than the yield on loans and investments. As well, the Bank's total per cent spread was reduced by the more rapid asset growth rate of International Operations which traditionally generate considerably lower margins than do Domestic Operations.

CHART 4

TAXABLE EQUIVALENT NET INTEREST REVENUE
(as a percentage of average total assets)

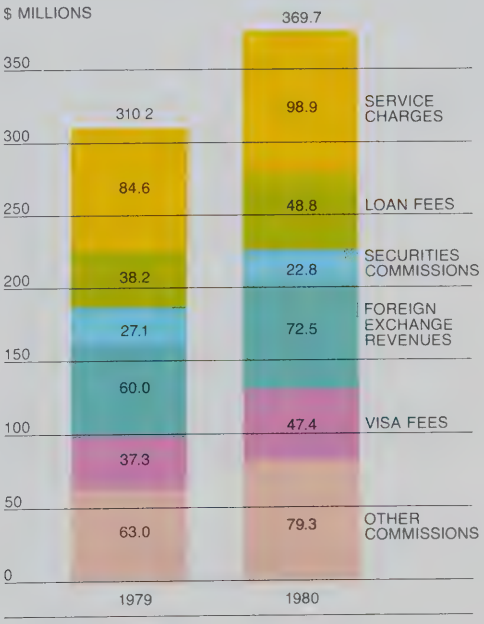
Other Operating Revenue

Other operating revenue continues to be a major source of revenue for the Royal Bank, contributing $369.7 million in 1980, up 19 per cent from 1979.

Chart 5 highlights the major categories of this revenue source for the past two years. This year, the breakdown has been slightly modified to provide more detailed distinctions.

CHART 5

OTHER OPERATING REVENUE



Brian D. Gregson, executive vice-president, finance and investments, centre, confers with Marion Smith, manager, financial resources, and K.A. Smee, vice-president and comptroller, in the preparation of a financial review for the Board of Directors.

Revenue from service charges showed moderate growth in 1980 of 17 per cent as several categories had price increases during the year. Loan fees increased by one quarter over 1979 to $48.8 million. Securities commissions were lower by16 per cent than the preceding year primarily due to lower volumes of Canada Savings Bonds sales. Foreign exchange revenues, identified separately for the first time this year, were $72.5 million, 21 per cent higher than in 1979. Visa fees, those revenues obtained from merchants based on their sales, continued their strong growth, climbing by 27 per cent in 1980 to $47.4 million, largely due to increased volumes.

Non-Interest Expenses (excluding the loan loss provision)

For 1980, the Royal's non-interest expenses, excluding the loan loss provision, rose by 17 per cent over last year while average assets were up 23 per cent. The growth rate of these expenses excluding the newly consolidated subsidiaries was 15 per cent.

Chart 6 illustrates a five-year trend of non-interest expenses expressed as a percentage of assets. As asset growth has shown a more rapid increase than expenses, this ratio has steadily declined from 2.51 per cent in 1976 to a level of 2.05 per cent this year.

CHART 6

NON-INTEREST EXPENSES
(excl. LLP,as a percentage of average total assets)

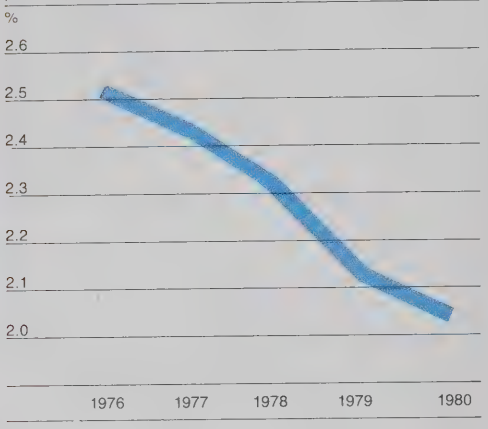


Table 1 highlights the detail of the Bank's non-interest expenses for the past two years. Staff costs showed only moderate growth primarily due to a decrease in number of staff in Domestic Operations. Property costs and automation expenses also showed low growth in 1980. The domestic branch rationalization program is continuing with a net decline of 14 branches. Other expenses registered a particularly rapid growth of nearly 30 per cent reflecting increased expenditures in categories such as advertising, travel, moving costs, business and miscellaneous taxes, legal and professional fees, and international sundry losses.

An additional point that should be made is the absolute magnitude of the Royal's operating expenditures. The Bank pays well over $1 billion annually in salaries, rents and fees for services. There can be no doubt that this has a very beneficial impact on the Canadian economy.

TABLE 1
Non-Interest Expenses
($ Millions)

	1979	1980	% Change
Staff Costs	$627.5	$ 727.2	15.9%
Property Costs	114.4	129.0	12.8
Mechanical Equipment & Computer Costs	48.1	53.3	10.8
Other Expenses	205.7	266.9	29.8
Total	$995.9	$1,176.4	18.1%

TABLE 2
Loan Loss Statistics
($ Millions)

Loan Loss Experience	1976	1977	1978	1979	1980
Domestic:					
Retail Business	$24.2	$21.6	$30.2	$ 35.1	$ 38.7
Commercial Business less than $500M	13.3	24.4	25.9	36.1	34.2
Commercial Business more than $500M & National Accounts Division	13.6	28.2	7.0	4.4	27.9
Domestic Recoveries	(3.8)	(5.0)	(5.5)	(10.3)	(9.8)
Domestic Loss Experience	47.3	69.2	57.6	65.4	91.0
International Loss Experience	36.0	6.0	5.2	(.6)	55.1
Total Loan Loss Experience	$83.3	$75.2	$62.8	$ 64.8	$146.1
Loan Loss Provision (1)					
Domestic Loan Loss Provision	$38.2	$49.8	$57.8	$ 73.9	$ 89.9
International Loan Loss Provision	28.3	31.6	35.1	29.2	30.9
Total Loan Loss Provision	$66.5	$81.4	$92.9	$103.1	$120.8

(1) The Loan Loss Provision is the charge to income based on the five-year average of loss experience to eligible loans.

Loan Losses

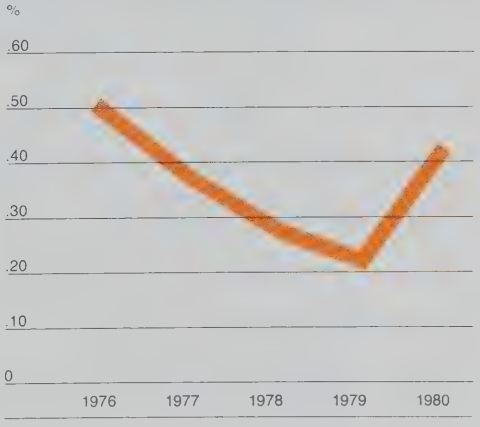
Loan losses are an unavoidable hazard of the banking industry. While the Bank takes only prudent risks in conducting its business, occasionally factors arise which result in loan losses. Table 2 provides considerable detail relating to the Bank's loan losses which has not been disclosed before. The loan loss experience is the sum of net loan write-offs plus the net increase in specific appropriations made in any single year which have been identified as involving likely future losses. The loan loss provision is the charge to income based on the five-year average ratio of loss experience to risk-related loans.

Total loss experience for 1980 was $146.1 million, of which $55.1 million was from International Operations (up from a credit of $0.6 million last year) and $91.0 million was from Domestic Operations (up from $65.4 million). The considerable increase in international in 1980 was mainly due to large appropriations in the Latin America and Caribbean Area as well as other appropriations relating to multinational industrial corporations. Again in 1980 previous Real Estate Investment Trusts' appropriations were reduced. On the domestic side, greater disclosure has been provided showing that most of the increase came in the large commercial and corporate sector. Loss experience in the small business category, which includes commercial loans with authorizations of less than $500,000, remains quite high and is a continuing concern to management. However, it does indicate that the Bank is willing to take risks to support small businesses in Canada.

Chart 7 indicates the overall quality of the Bank's assets by depicting the ratio of loan loss experience to average total loans excluding funds due from other banks. The ratio had been declining up until this year when it rose from 0.23 per cent to 0.43 per cent, reflecting the sharply higher loan loss experience. It should be pointed out that in total the Bank's write-offs in 1980 were only marginally higher than in 1979. However, Bank management felt it necessary to make new appropriations against the possibility of future losses and this accounted for most of the growth in loan loss experience.

CHART 7

LOAN LOSS EXPERIENCE AS A PERCENTAGE OF AVERAGE TOTAL LOANS (excluding funds due from banks)



Jane Lawson, senior counsel with the Bank's legal department, handles an ever-increasing volume of corporate legal matters including capital financing and legislative issues.

Capital

The year 1980 was one of significant growth in the Bank's capital base. Total capital includes shareholders' equity, accumulated appropriations for losses and debentures. At October 31, 1980, the Bank's capital totalled nearly $2.7 billion, or $2.9 billion if the portion of Globe Realty Limited's capital which is exchangeable into Bank capital is included. In aggregate, this represents a very substantial capital base.

Towards the end of fiscal 1980 the Royal undertook the largest rights offering ever in Canadian chartered banking history. The Bank offered one new share for every eight shares held, with a subscription price of $46 per share. This offering will raise $210.4 million in total. By the end of October, 1980, the Bank had already received $161 million of the proceeds, with the remainder to be paid for over the following ten months. Although the Royal does not frequently go to the equity market, management considered that the timing was opportune to raise capital, putting the Bank in a position to take advantage of the opportunities of the 80's.

Also, in October, the Royal issued $75 million floating rate debentures, further augmenting capital.

Within the past two years, Globe Realty Limited, a wholly-owned subsidiary of the Royal, has undertaken two separate financings. One was a $160 million preferred share issue in December 1978 and the other was a U.S.$ 75 million debenture issue in June 1980. Both of these forms of capital are to be exchangeable into capital of the Royal Bank under the new Bank Act. If one takes this exchange into account the Royal's deposit to capital ratio is 18.8:1.

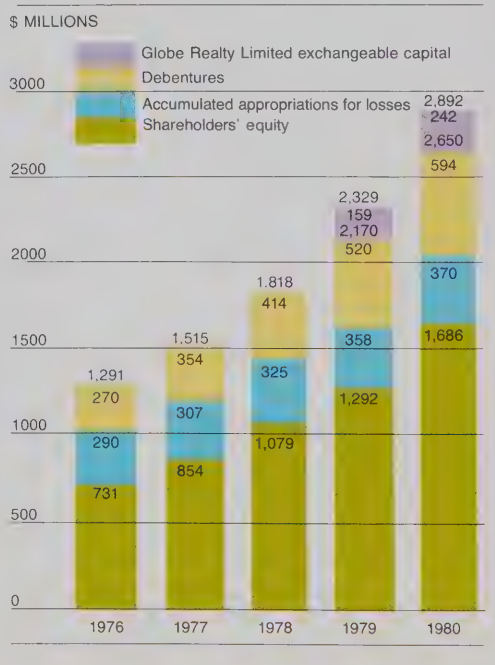
Upon the more complete consolidation as permitted by the new Bank Act (see page 39), total capital would be $137 million higher, while deposits would be $2.0 billion higher. This would further reduce the deposit to capital ratio to 18.6:1, a level which leaves much room for deposit and asset growth.

Under the new Bank Act there is a great deal more flexibility with respect to the financing options available to the Bank, opening up different types of debt and equity as well as multiple currency financing. The Royal looks forward to these opportunities to significantly increase the flexibility of its capital generation process.

There are a number of areas of the Bank's activities that are basically corporate or global in nature. These include: World Trade and Merchant Banking Division, Global Energy and Minerals Group, Economics Department and Personnel.

CHART 8

TOTAL CAPITAL (year-end balances)



R.G.P. Styles, executive vice-president of the newly-created world trade and merchant banking division, presides over a planning meeting with colleagues at their Toronto offices. From left, E.D. Ferguson, assistant general manager, Mr. Styles, A.A. Webb, assistant general manager and J.M. Walker, senior vice-president.

World Trade and Merchant Banking Division

The creation of the World Trade and Merchant Banking Division in 1980 is part of the Royal's strategy to position itself among the first tier international banks in key markets throughout the world. This new Division, with headquarters in Toronto, will substantially expand the Royal's marketing of services to exporters and importers in Canada and other countries, and expand the Bank's merchant banking operations world-wide.

The Royal is committed to the concept that to prosper in the 80's Canada will need to adopt a more aggressive posture as a trading nation. This theme was developed in the Royal Bank's highly successful film "Export for Profit and Survival" which was viewed by business and government groups across Canada in 1980. Our projections on world trade for this decade indicate that this sector of the economy will outpace the growth in GNP. Canada is already one of the most trade dependent nations in the world. Through the creation of the World Trade Group the Royal expects to play a major role in increasing Canadian trade and in so doing, play an active part in ensuring this nation's prosperity. The Royal Bank intends to utilize fully its experience in financing trade through its banking network both in Canada and around the world, and assume a more prominent role in world trade development.

The Bank has been engaged in merchant banking for many years as an active participant in the Eurocurrency market. In 1979 the Royal became the first Canadian bank to establish a wholly-owned merchant banking subsidiary in London, England, The Royal Bank of Canada (London) Limited. This subsidiary has a staff of international banking specialists and is playing an increasingly active role in leading Eurocurrency syndicated loans, as well as managing and underwriting Eurobond issues on behalf of Royal Bank clients in Canada and throughout the world. The Bank continues to maintain its interest in and close relationship with Orion Bank Limited.

The Division is developing regionally based units to complement the activities of the Royal's merchant bank in London and ensure that specialists are available in the key international markets. To further this goal, we are establishing a Merchant Banking Group in Toronto to respond directly to client needs in Canada and the United States.

H.E. Wyatt, vice-chairman, Western Canada, left, meets with R.G.M. Sultan and H.E. McClenaghan, senior vice-presidents, global energy and minerals, in their Calgary headquarters.

Global Energy and Minerals Group

The Royal Bank also created a new banking group in 1980 to service and expand its financing of energy and mineral projects both in Canada and around the world. The Global Energy and Minerals Group has its headquarters in Calgary and is represented in Denver, Dallas, Houston, Singapore and London, England, as well as Vancouver and Toronto.

The Group has two major functions: to provide technical and evaluation services, and to market the Bank's credit facilities to the energy and minerals industries on a world-wide basis.

The 1980's will require greatly expanded world-wide investment in energy and minerals. The creation of this Group illustrates the importance which the Bank attaches to this area of endeavour. The Royal already accounts for the largest share of conventional oil and gas lending in Canada, and approximately 20 per cent of the Bank's total business loan portfolio is related to energy. By focusing our efforts through the Global Energy and Minerals Group, we expect to play an even greater role in helping Canada to develop its own energy potential.

Economics Department

The Economics Department, staffed by 18 professionals, has a responsibility to provide the Bank with analysis relating to economic, monetary and financial developments. This support function includes country risk analysis, sector analysis and economic information for strategic planning. In addition, the Department provides economic assessments and projections which have proved helpful as management tools for large and small business clients.

A subscription-based economic report, ''Econoscope'', is published monthly by the Department. In 1980, the format was revised to include regular economic forecasts as well as staff-researched articles covering Canadian business conditions, financial markets and the international outlook. The Royal Bank's ''Trendicator'', produced eight times a year, analyzes the implications of movements in key leading indicators for future economic growth.

An important activity of the Department involves corporate briefings on the outlook for the Canadian economy. These presentations are delivered twice a year by senior Bank economists and investment and foreign exchange officers to business leaders across Canada and in the United States. The Department prepares submissions to Parliamentary committees, participates in national and international financial seminars and conferences, and responds to the requests of individual clients for economic information.

R.S.V.P. co-ordinator Dianne Gannon, left, and Anne Lamont, E.E.O. co-ordinator, collaborate on many issues in connection with their work on staff matters.

Personnel

The Royal Bank's most important asset is the nearly 37,000 men and women who staff our branches, departments and offices across Canada and around the world. Without their skills, ingenuity and dedication, it would be impossible to maintain our leadership position in the highly competitive banking industry.

During the past year we continued to provide more and improved training and skill enhancement programs at all levels, starting with new employees recruited from schools and universities and continuing up to and including the most senior management areas. Training and making available a wide variety of study courses is part of a tradition at the Bank and its importance is even greater now as we enter an unparalleled era of technological change in banking.

While no area will be isolated from the effects of new technology, the front-line staff, tellers, consumer lenders and other branch officers, will face particular challenges. To meet the ever-increasing needs of customers, we will be introducing new equipment, more sophisticated banking services and improved techniques. In addition to upgrading the technical skills of our staff, we will continue to devise ways of training administrators and managers to cope confidently with changing demands in their jobs.

As an example, our international management development program, introduced in 1978, significantly benefited the 400 senior personnel who have taken it to date, and it will be extended into 1981.

As well as the comprehensive internal staff development programs, the Royal has continued to be a leading sponsor of Institute of Canadian Bankers courses available at Canadian universities. In 1980, more than 3,000 employees were enrolled in ICB courses to improve their educational background.

We have also fine-tuned our recruitment strategies to find and attract the most qualified men and women both in Canada and elsewhere in the world to staff the many new areas of specialized banking groups.

The 1980 year-end staff complement consisted of 31,500 domestic staff and 5,500 in our International Operations, including our consolidated subsidiaries. Meeting the personal and career needs of a staff of this size is a critical task requiring modern personnel policies and constant attention to changing expectations.

Some of the innovative approaches which we have undertaken to improve job satisfaction and to meet the needs of our employees are:

—A constantly improved benefits package that continues to be one of the most comprehensive among all industries;

—An *Opportunities* program that enables employees to nominate themselves for potential job openings. Initiated two years ago for non-management staff, this program is being extended into management ranks across the domestic bank;

—*Access,* a new program, assists employees having problems with the non-medical use of drugs, alcohol abuse or other problems of a personal nature;

—All Bank employees last year received copies of two new publications: *Code of Conduct - Principles of Ethical Behavior*, and *You and the Royal Bank*, which clearly set out the rights and obligations of both the employee and the Bank, to one another and to society.

In addition to specific programs and new policies dealing with the concerns of our staff, the Chairman has created two new committees: The Personnel Policy Committee and the Management Development Policy Committee. Their mandate is to examine the implications on staffing of social, technological and economic changes expected during the 80's and beyond, in Canada and abroad. In these ways we hope to anticipate emerging issues and shape our personnel and staffing policies.

Domestic Operations

Domestic Operations are defined as all business, regardless of currency denomination, which is transacted in a branch in Canada. Specific allocations are made between Domestic and International Operations for Head Office expenses and capital.

TABLE 3
Domestic Highlights

	1979	1980
Domestic Average Assets ($ Billions)	$ 32.9	$ 38.8
Balance of Revenue After Taxes ($ Millions)	178.3	182.0
Return on Assets	.54%	.47%

The profitability of Domestic Operations has been of considerable concern to senior management during 1980. Domestic average total assets rose 18 per cent to $38.8 billion in 1980 while after-tax earnings rose by only 2 per cent to $182.0 million. As a result, domestic return on assets fell by 7 basis points to 0.47 per cent.

Table 4 outlines the Domestic Highlights per $100 of Average Assets. Domestic spread, which suffered a sharp decline largely because of adverse market conditions, was the major factor in the decline in the profitability of Domestic Operations. As a result of cost reduction programs undertaken in 1980, the Royal's domestic non-interest expense ratio improved considerably. This was not, however, sufficient to offset the decline in domestic per cent spread and thus the return on assets fell.

TABLE 4
Domestic Highlights Per $100 of Average Assets

	1979	1980
Taxable Equivalent Spread	$3.24	$3.04
Other Operating Revenue	.67	.66
Net Revenue	$3.91	$3.70
Non-Interest Expenses	2.63	2.51
Loan Loss Provision	.22	.23
Taxes (Taxable Equivalent Basis)	.52	.49
Return on Assets	$ .54	$ .47

Eleanor Tubbs, inspector, with over 20 years experience in commercial lending, administration and as branch manager with the Bank, is in her element leading a branch inspection in Vancouver.

Domestic Per Cent Spread

As was foreseen in last year's Annual Report, domestic per cent spread declined in 1980. The effect of prime rate changes upon domestic per cent spread is significant. When rates rise, banks receive a temporary benefit, but when they fall there is a short-term squeeze in margins. In the longer term, as Chart 9 shows, contrary to public perception, high rates hurt domestic profitability. To a great extent, this effect is dependent upon the relative proportion of fixed and prime rate related assets and liabilities. The Bank has more variable rate deposits than assets, hence the long-term rise in interest rates squeezes Bank profits.

Chart 9 also shows the recent trend of quarterly domestic per cent spread and illustrates how it has moved in relation to the Royal Bank's prime rate.

The graph also shows that the difference between the Bank's term deposit portfolio cost and prime was particularly squeezed in the third quarter partially causing a corresponding squeeze in domestic margins.

CHART 9

CANADIAN PRIME RATE VS DOMESTIC PER CENT SPREAD

Quarterly basis 1978-1980

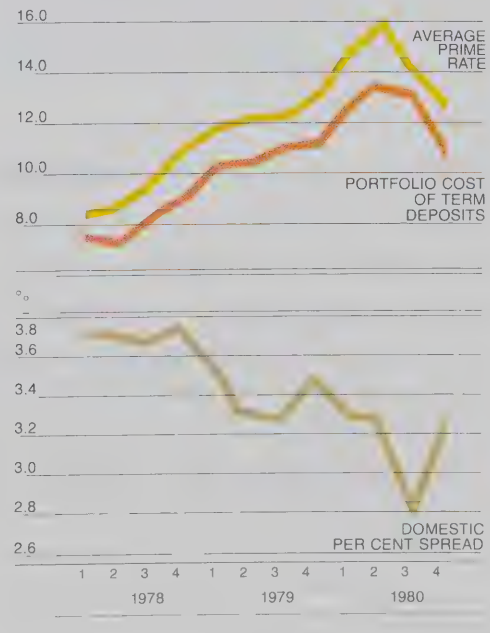


CHART 10

DISTRIBUTION OF DOMESTIC DEPOSITS
Based on Domestic Average Deposits Balances

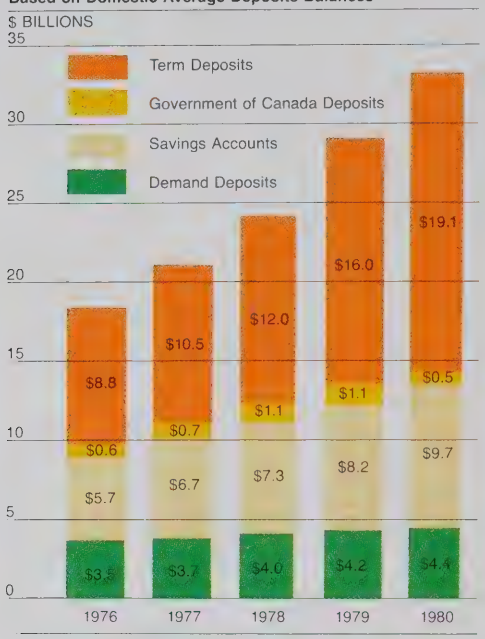
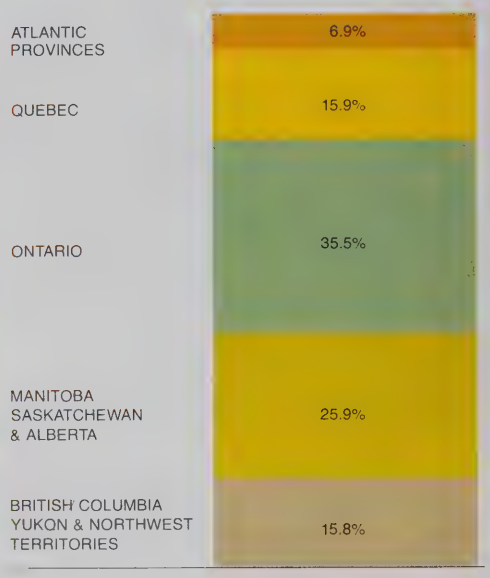


CHART 11

REGIONAL DISTRIBUTION OF DOMESTIC ASSETS

PER CENT BY AREA—
Based on balances as at September 30, 1980



Distribution of Deposits and Assets

Charts 10 and 11 provide an overview with respect to the wide distribution of the Bank's domestic assets and deposits.

The largest and most rapidly growing portion of our deposits is that of the relatively high cost term deposits. This tends to hamper domestic spread performance. Bank management, particularly in the Retail Bank, has developed programs specifically designed to strengthen the growth rate of the other deposit categories.

Chart 11 illustrates how the Bank's assets are widely spread across Canada. The Bank takes pride in being a truly national bank to all Canadians.

Performance by Key Banking Businesses

For analysis purposes, the Royal groups its domestic assets into several key business categories and analyzes them based on a number of internal fund transfers and charges. Table 5 shows the highlights for the year for the major businesses of Domestic Operations. Based on the internal allocations, certain of these businesses are net suppliers of funds and others are net borrowers. The earnings and after-tax return on assets of each grouping include these internal sales or purchases of funds. The business volumes shown are excluding these transfers so as to avoid double-counting the volumes in the total.

TABLE 5
Segmentation of 1980 Domestic Operations

	Business Volumes (1)	After-Tax Earnings (2)	Return on Assets (2)
	$ Billions	$ Millions	%
Retail Business	$11.8	$ 33.4	.19%
Commercial Business less than $500M	5.4	31.9	.59
Commercial Business $500M & over & National Accounts Division	10.3	72.2	.71
General Pool	3.0	21.6	.24
Foreign Currency Operations in Canada	6.1	28.0	.46
Other Assets	2.2	(5.1)	—
Total Domestic Operations	$38.8	$182.0	.47%

(1) Excluding internal purchases or sales of funds.
(2) Including internal purchases or sales of funds.

Left to right: A.H. Michell, executive vice-president, Canada Division, examines the final drawings for a new Data Centre. With him are senior vice-presidents A.G. Halliwell, W.A.R. MacDonald, and L.E. Gillmoure.

The Bank's retail business includes assets such as Termplan loans, Visa accounts and mortgages and represents over one quarter of domestic assets. The Retail Bank earned $33.4 million representing a return of 0.19 per cent or 19¢ for every $100 of retail business. Retail Banking's profitability is low relative to the other major categories, the reasons for which will be expanded upon in the following section.

Small business and farm loans are shown in the Commercial Business less than $500,000 category which had $5.4 billion of loans, $31.9 million in earnings and a return on assets of 0.59 per cent. Large commercial corporate loans and National Accounts Division's business also account for a large proportion of our Domestic Operations, and earned $72.2 million after-tax representing a return on assets of 0.71 per cent. The "General Pool" includes investments and money market operations and certain liquidity assets and, as evidenced in the table, is lower yielding than most other domestic sectors. The Bank's foreign currency operations in Canada are now quite considerable totalling $6.1 billion. These earned a return of 0.46 per cent or $28.0 million. The "Other Assets" category includes non-interest earning business such as fixed assets and letters of credit. Details of the major categories will be provided on the next several pages.

Retail Banking

As we have previously indicated the Retail Bank is the largest segment of our Domestic Operations. In 1980, this sector represented $11.8 billion of average total assets, $17.6 billion of total deposits and earned $33.4 million after-tax. However, the profitability of this area has been declining over the past several years.

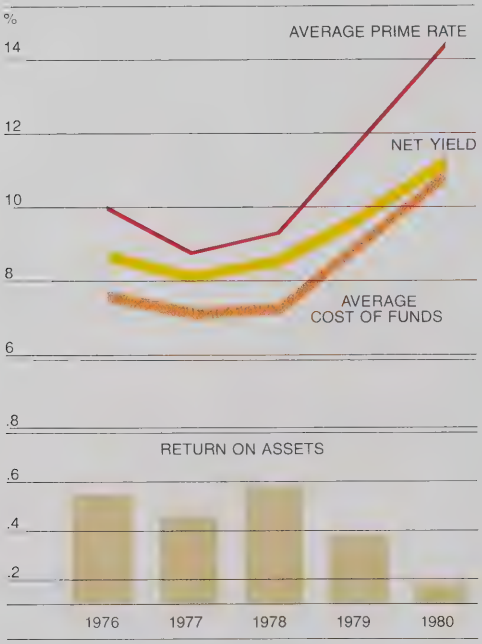
A particularly difficult problem during the past two years, which was more evident as interest rates rose in Canada during the year, was the very large proportion of fixed rate retail assets such as Termplan loans and mortgages. The mortgage portfolio yield was substantially under the prime rate for all of 1980 while the Termplan portfolio earned under prime for much of the year. Although it may be contrary to public perception, there is no doubt that for the past two years the group least hurt by the rising interest rates was the Canadian consumer. In fact, as our retail clients are net suppliers of funds, in times of high interest rates they receive the benefit of higher deposit yields while net borrowers, primarily the corporate sector, bear the brunt of the higher loan rates.

A personal loan in the making. Clients discuss terms with Lina Drolet, left, manager Plaza Côte-des-Neiges Branch in Montreal.

Chart 12 shows the profitability pattern of our retail operations. Also shown are the net per cent yield and cost of funds of our retail operations for the past five years. Included in the net yield and cost of funds are the related operating and overhead expenses. In 1980, the yield on our Retail Banking business did not rise as quickly as did the costs due to the fixed rate loan portfolios previously mentioned, thereby causing a significant decline in margins and hence in the return on assets.

CHART 12

RETAIL OPERATIONS



The Royal's Retail Bank is one of the largest in the world in terms of deposits, loans, branches and staff. The Bank's extensive domestic network of more than 1,500 branches is spread into more than 700 communities serving every region of Canada.

While the retail sector has not been particularly profitable in the past two years, the size of these operations facilitates the Royal's expansion into other areas of activity. Furthermore, the innovative skills which placed the Royal as a leader in retail banking provide a base from which the challenges facing this sector will be met in the 80's. These challenges include stiffer competition among banks, trust companies, credit unions and caisses populaires for deposits, greater innovation in new services for clients, and the need for continuous improvement in efficiency and productivity. The changes expected in retail banking operations in this decade will surpass those of any previous period in banking history.

During 1980 we successfully launched "Personal Touch Banking", an exciting new generation of automated banking machines. Initial installations were in Western Canada and in 1981 the program will be extended to include most of our major domestic markets. Another new venture in the past year was "Branch-to-Branch" service which enables our customers to have access to their personal accounts through any of our branches across the country. Unlike similar services offered by other banks, "Branch-to-Branch" is available at all Royal Bank branches.

The utilization of computer technology has enabled the Bank to introduce new services and improve others. For example, Magnetic Ink Character Recognition (MICR) programs are used to "capture" data directly from documents. More than four million MICR documents, mainly cheques, enter the system daily. Optical Character Recognition (OCR), which permits a computer to visually "read" critical information on documents, is used to record many of the items that do not contain MICR encoding.

The "On-Line System", which we introduced in 1967 with personal savings accounts, has been constantly updated and expanded. Today there are more than 4,000 branch terminals handling in excess of 700,000 transactions of all kinds on an average day, and over one and a quarter million on a busy day. At present, nearly 95 per cent of customer accounts are "On-Line".

Though memory banks are the heart of computers, it is the electronically programmed instructions contained on miles of magnetic tape that activate the Bank's data systems. Such systems operate twenty-four hours daily, year-round.

Efficient customer service operations, as well as agreeable working surroundings for our staff, require a continuing investment in properties under direction of the Bank's Real Estate Resources Department. During the past year, the Royal Bank was involved with 276 premises projects requiring a capital expenditure of approximately $100 million. Of these, over half were completed in 1980. The remaining projects are either in the design or construction phase and in most cases should be completed in 1981.

Completed projects include new buildings for the Bank's branches in Truro, Nova Scotia; Cornwall and Chatham in Ontario; Regina, Saskatchewan,and Campbell River, British Columbia. Building extensions and renovations were completed for the Montreal main branch, Brandon, Manitoba and Red Deer, Alberta. In addition, we have completed major computer centre installations in Halifax, Nova Scotia and Winnipeg, Manitoba, and started construction on a new computer centre in Toronto. Construction of new facilities for the main branches in Ottawa, Saint John, New Brunswick and New Westminster, British Columbia,are well advanced.

A significant service of the Retail Bank is our VISA card program. The Royal is the largest bank within the Canadian VISA Plan with 1.7 million VISA card accounts, 60 million merchant transactions and 50 million credit card transactions annually, worth approximately $2 billion.

The distribution of our very popular "Penny Pinchers", reusable plastic coin clips, was extended into Manitoba, British Columbia and Quebec, introducing a highly useful service to the Royal's customers. For the first time clients are freed from the frustrating task of rolling coins in the conventional paper wrappers.

A milestone was reached during the year when the Royal's mortgage portfolio, owned directly by the Bank or administered for investors, passed the $6 billion mark. Due to interest rate levels, the cost of funding the Bank's mortgage commitments over the past year has been high. Despite this, the Royal, through 1980, continued to be one of the country's leading mortgage lenders, making more than 27,000 new mortgage agreements worth a total of $1.3 billion, helping people across Canada acquire new or existing homes.

Staff efficiency and productivity are naturally areas of concern for all of us at the Royal. A number of training programs have been instituted to increase staff awareness of the entire range of services we can provide to the customer. In this sense, customer-satisfaction goals are closely linked with productivity goals. In addition, planning of our branch network requires an ongoing review of branch locations and operations to reflect changing economics and demographics. As a result, 35 branches were closed in 1980 while 21 new branches were opened. This process will continue in 1981.

A number of projects are being carried out in conjunction with the Bank's real estate subsidiary, Globe Realty Limited, which has been restructured to provide the Bank with a world-wide real estate capability. Globe Realty Limited negotiated the recently announced major development project in Calgary, where we will retain our existing main branch building and erect an adjacent 45-storey office tower.

As mentioned previously, over the past year the interest rate level has hampered retail margins due to our high volume of fixed rate loans. Measures are being taken to reduce sensitivity to interest rate changes. Also, we are continuing our efforts to improve control of non-interest expenses and in general to improve productivity, customer service and overall image. The revolution in retail banking has already begun and we intend to be one of its leaders.

Commercial Banking and National Accounts

The Royal's loans to both large and small businesses exceeded $15 billion during 1980, representing a very significant aspect of our Domestic Operations. For performance evaluation purposes, we divide our loans to businesses into two sectors: the first includes Commercial Business with individual authorizations of less than $500,000, and the other includes Commercial Business over $500,000 and the business of our National Accounts Division.

Chart 13 shows the performance of the less than $500,000 sector which includes our loans to small businesses and farms. The profitability of this category has remained fairly constant over the past three years as it is comprised primarily of variable rate assets and liabilities which react quite quickly to prime rate changes.

Chart 14 outlines the profitability for the past five years for our Commercial Business over $500,000 and National Accounts, including income debentures and floating rate preferred shares. As shown on the chart, the return for this sector of our business has improved for the past two years as its average cost of funds did not rise as much as the net yield.

CHART 13

COMMERCIAL BUSINESS LESS THAN $500,000

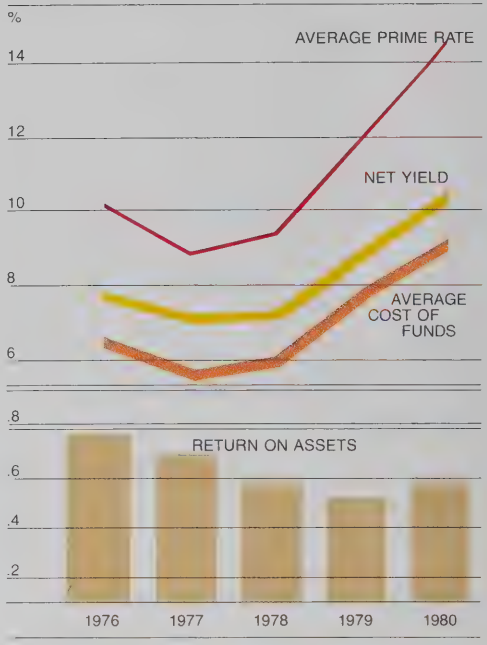
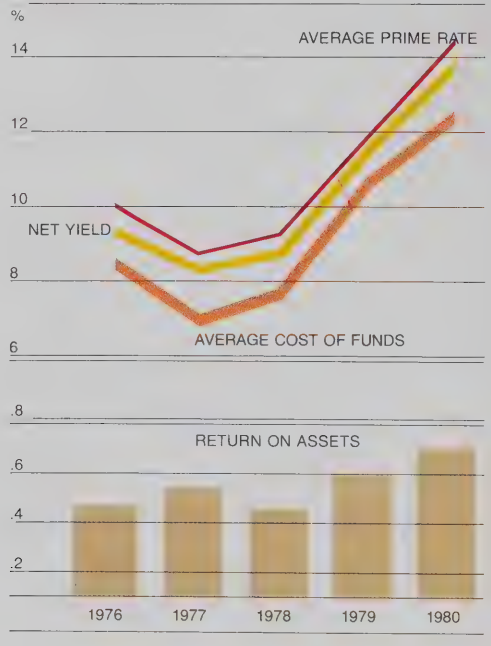


CHART 14

COMMERCIAL BUSINESS OVER $500,000 & NATIONAL ACCOUNTS



Nicole Campeau, project manager, market research, presents findings to Bank officers using projection graphics. Such methods provide an immediate overview, allowing for greater in-depth study of the report later.

Commercial Banking

The strength of the Royal as a leader in commercial banking is based on the ability to identify and penetrate markets. In our efforts to remain close to the business community, we are conscious of the need to introduce new dimensions to our products and services, while keeping in mind that businesses are now placing less emphasis on long-standing banking relationships. Rather, commercial customers are demanding quality products at the best price, with consistent delivery of service and a thorough knowledge of their particular business.

Partly to meet these demands, we have accelerated our program of industry specialization. The Royal was the first Canadian bank to introduce specialization in energy and agriculture and, as a consequence, now enjoys a superior market share position in these sectors. Similar success is being achieved through other specialized programs designed for the insurance industry, the retail sector and franchised businesses.

In response to increasing demand for in-depth financial expertise in various commercial and industrial areas, several Commercial Centres have been established throughout Canada, with more locations planned during the next few years. These Centres are staffed by teams of highly skilled financing experts thoroughly familiar with credit and non-credit requirements of the markets they service. The Commercial Centres now form the base for expanding our commitment to the account management concept whereby a company's complete banking requirements are arranged by one officer who, in many instances, becomes an important adviser.

A network of other specialized services has been developed including Commercial Finance Centres to co-ordinate sales financing; Automated Services Branches providing payroll, pre-authorized payments and lockbox services; and Franchise Plan, a complete financial program for both franchisors and franchisees. Also, the Royal is the largest supplier of automated payroll services in Canada and handles more than 50 per cent of total inter-bank electronic funds transfers.

We have also been a distinct leader in developing cash management services which are backed by modern technology and professional expertise. CashCommand Series II is a recent and important development in this area. By means of standard portable computer terminals located in their offices, clients have a number of options available to them including the ability to obtain instantaneously, account balance and transaction information, transfer of funds between accounts and/or subsidiaries, initiate payment on a world-wide basis, and receive current money market/foreign exchange rate information. CashCommand is backed by a team of professional cash management bankers and is the most highly integrated system of its kind. This service is also receiving an enthusiastic reception among the major corporate clients of our National Accounts Division.

The newly-opened Winnipeg Commodity Exchange provides Douglas McRorie, assistant general manager, agricultural services, right, and his associate Jim Pietryk, research analyst, with excellent facilities to follow daily commodity prices.

RoyLease Limited, a wholly-owned subsidiary, provides leasing services to fill a wide range of corporate needs, ranging from computer and production machinery, to airplanes and ships. In 1980 RoyLease added $75 million in new leases, a lower volume increase than in 1979 due to generally depressed economic conditions. Earnings were adversely affected by the historically high financing costs confronted in 1980. RoyLease Limited continues to work closely with National Accounts, Commercial Lending and Agricultural Services. Since it provides essential leasing services for not only Royal Bank clients, new business opportunities accrue to the Bank.

In addition to the Royal Bank's broad support for general business requirements, RoyMark Financial Services Limited, established in 1974, arranges venture capital funding for enterprising companies with above-average growth potential.

To meet the traditional credit requirements of the commercial market, the Royal offers a wide variety of specialized financial packages. For instance, the RoyFarm Mortgage Program has grown substantially, reaching $320 million in advances by year end. The Bank's Agricultural Services Department, with headquarters in Winnipeg, is structured on a regional basis with 33 agrologists who operate in the field maintaining close contact with the agricultural community.

The Bank has clearly demonstrated the effectiveness of industry specialization. As part of the effort to enhance its solid presence in the marketplace, the Bank continues to sponsor a variety of financial seminars throughout Canada. For instance, seminars were organized during the year for pulp and paper companies, franchise operations, insurance firms, farmers, university students in professional faculties and others.

As part of our continuing commitment to the important Independent Business sector, the Bank this year was the leading chartered bank in its support of the Federal Government's Small Business Development Bond program.

Based on its popularity, we are expanding the "Your Business Matters" series of 15 publications on practical financial and management techniques for small and medium-sized businesses. A readership survey conducted during the year indicated a high degree of acceptance and effectiveness of these publications and confirmed that the Bank's commitment is well justified. We are also planning to commence publication in early 1981 of a monthly "Farm Business Review" aimed at providing farmers with agricultural news and updated information on farm credit and financial management.

With plans in hand, Paul Geiser, president Zymaize Company, explains developments to John McMillan, executive vice-president, national accounts, third left, at the plant site in London, Ontario. With Mr. McMillan are E.G. Stone, assistant general manager, far left, and R.J. Sutherland, manager, far right, both of national accounts, Ontario. Royal Bank is providing major financing for the project.

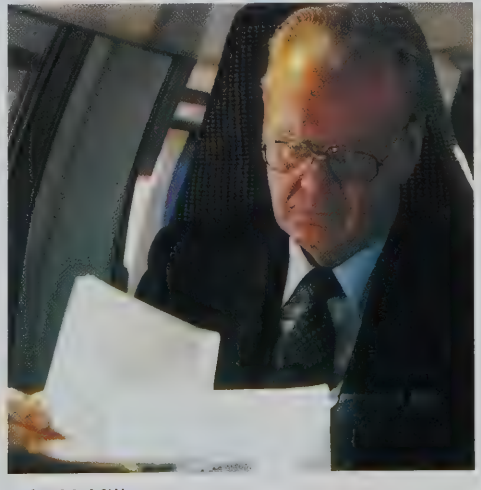
National Accounts Division

Major Canadian corporations continue to diversify and expand throughout Canada and other parts of the world. During 1980, National Accounts Division played a lead management role in arranging and providing multi-million-dollar financings for the major corporations in virtually all industry sectors. The Division administers assets totalling more than $7 billion. With headquarters in Toronto and regional offices in Montreal, Toronto, Calgary and Vancouver, the Division has a network of top-calibre specialists who co-ordinate the extensive banking needs of major clients.

A key to National Accounts Division's successful delivery of services is its total account management approach, whereby a National Accounts manager is assigned to a select group of clients, with each account being co-ordinated individually. The manager has the responsibility for marshalling the complete range of specialized Royal Bank resources and services in order to meet specific client needs.

The in-depth knowledge a National Accounts manager acquires of a corporation's operations provides a vital link between the corporation and all areas of the Bank. To this end, the Division maintains close relationships with other Royal Bank divisions and support groups, including Finance & Investments, World Trade and Merchant Banking, Commercial Marketing, Global Energy and Minerals, Foreign Exchange and Money Markets.

Our non-lending corporate banking services are becoming increasingly important in servicing the banking requirements of major clients. These services include features such as cash management, automated payroll, foreign exchange, investment dealings, payment distribution and term deposits. Of particular importance is the Royal Bank's new CashCommand Series II which is attracting an enthusiastic reception among major corporations.



John McMillan, executive vice-president, national accounts, finds flying-time en route to a client useful to study the fine points of a proposal.

International Operations

International Operations are a particular pleasure to report as we continued to excel in the fast-paced competitive global marketplace.

International average total assets rose rapidly by 34 per cent during 1980 to $18.7 billion. To put some perspective on the magnitude of our International Operations, the $18.7 billion of international average assets alone would place it among the largest 80 banks in the world.

TABLE 6
International Highlights

	1979	1980
International Average Assets ($ Billions)	$13.9	$ 18.7
Balance of Revenue After Taxes ($ Millions)	92.4	145.4
Return on Assets	.66%	.78%

International balance of revenue after taxes continued its strong performance increasing by 57 per cent to $145.4 million. Although international assets represent one-third of total assets, their earnings represented 45 per cent of the Bank's total in 1980. The international return on assets rose by 12 basis points over 1979 to 0.78 per cent. (Table 6)

Table 7 highlights the components per $100 of average assets and illustrates how this dramatic improvement in return on assets was achieved.

Primarily, the change was the result of a marked rise in international per cent spread, much of this coming from our new consolidation of subsidiaries and from our international money market operations. The non-interest expense ratio rose somewhat due to an increase in the number of staff and related expenses, reflecting our greater level of activity. The lower loan loss provision ratio indicated the dynamics of the five-year averaging process whereby 1975's high loss experience was dropped from the formula.

Mike Bastian, chief dealer, foreign exchange trading, at the hub of the international money markets operation in Toronto.

While management is very pleased with the results of the International Operations, it is appropriate to recognize that this high level of return on assets will be very difficult to maintain due to competitive pressures and the unlikelihood of the favourable 1980 market conditions recurring.

TABLE 7
International Highlights Per $100 of Average Assets

	1979	1980
Taxable Equivalent Spread	$1.65	$1.88
Other Operating Revenue	.64	.62
Net Revenue	$2.29	$2.50
Non-Interest Expenses	.93	1.09
Loan Loss Provision	.21	.16
Taxes (Taxable Equivalent Basis)	.49	.47
Return on Assets	$ .66	$ .78

New Consolidations

The Royal has continued its strategy of growing not only internally but also through acquisitions. Banco de San Juan in Puerto Rico was purchased and then consolidated for the first time in September 1980 adding $350 million of assets to the Bank's total. Bankhaus Bohl KG and RoyWest Banking Corporation's assets were included only at October 31st and so no revenue or expenses were included in the Royal Bank's 1980 results. These latter two subsidiaries, in total, added $300 million to year-end assets. As well, our New York-based banking subsidiary, The Royal Bank and Trust Company, was consolidated in January of 1980, adding approximately $250 million of assets.

Table 8 highlights the effect that new consolidations have had on the Bank's financial performance.

Classification of International Assets and Geographic Distribution of Risk

As on the domestic side, the Royal's international assets are broadly distributed in terms of asset category and geographic location. This distribution significantly broadens the diversified portfolio nature of the Bank's international business. (Table 9)

Roughly one-half of our international business is in the form of wholesale loans, while one-third is employed in money market activities or international liquidity funds management.

International retail banking operations, primarily in the Bank's Latin America & Caribbean Area, are roughly one-eighth of international assets.

Table 10 indicates where our international assets are located. This breakdown is based on the country of ultimate risk for the specific assets involved. The Royal's international assets have a broad distribution around the world. In the 80's, we will be placing particular emphasis on the growth of our business in the U.S.A. and Asia/Pacific markets.

TABLE 8
Effect of New Consolidations*
($ Millions)

Contribution to:	1979	1980
Average Assets	$ 388	$ 943
Net Interest Revenue	12.5	48.0
Other Operating Revenue	4.7	9.7
Non-Interest Expenses (Incl. LLP)	13.6	32.8
Balance of Revenue After Taxes	1.8	13.4
Earnings Per Share	5¢	37¢
Subsidiaries Newly Consolidated:	R.B.C. (London) Ltd. RBC Holdings (UK) Ltd. Western Trust & Savings BN Bank AG	Royal Bank and Trust Banco de San Juan Bankhaus Bohl KG RoyWest Banking Corp.

* Several of the subsidiaries have only been included for a portion of the respective years. For 1980, the figures include the new consolidations in 1980 plus the incremental effect of 1979's consolidations being in place for the full year.

TABLE 9
Classification of International Average Assets
($ Billions)

	1979	Proportion	1980	Proportion
Retail	$ 1.8	13%	$ 2.5	13%
Wholesale	7.2	52	8.9	48
Money Markets	4.4	31	6.4	34
Other Assets	.5	4	.9	5
TOTAL	$13.9	100%	$18.7	100%

TABLE 10
Geographic Distribution of Risk
Percent by Area

	Total Assets		Loans to Non-Banks	
	1979	1980	1979	1980
Europe	37.2%	39.4%	34.1%	31.4%
Latin America & Caribbean	26.4	26.0	38.8	39.8
U.S.A.	20.2	19.2	12.6	13.7
Asia/Pacific	7.9	6.9	5.8	5.5
Canada	5.7	6.4	4.7	6.4
Middle East & Africa	2.6	2.1	4.0	3.2
	100.0%	100.0%	100.0%	100.0%
TOTAL VOLUMES ($ Billions at year end)	$16.7	$21.0	$ 7.7	$ 9.7

International Developments

The dramatic growth of the Royal's International Operations during 1980, as highlighted in the preceding charts, is a result of the continued expansion of our comprehensive banking services around the world.

Our international network includes more than 200 operating units in 45 countries, made up of specialized banking groups, full service branches, representative offices, agencies, and subsidiaries. It also includes one of the most substantial money market and foreign exchange operations of any bank. As well, The Royal Bank of Canada has a correspondent banking relationship with 3,200 banks.

During the past year we strengthened our operations by acquiring banking subsidiaries, opening new facilities, and increasing our capabilities on a broad front to service clients. An indicator of our growth is the increase of international assets during the past five years from $7.9 billion to $18.7 billion at the 1980 year end.

Overall, the Royal Bank is moving into the first-tier of the world's truly successful banks whether measured in size or by our prominent position in the international lending markets.

Our leading Canadian position gives us strength and flexibility in the world arena where shifts of economic and political power are constant factors. As well, our large Canadian staff gives us the advantage of being able to draw upon seasoned bankers trained in the intricacies of financing.

During the past few years our management has reviewed where we want to be ten years from now, including our positioning as a world bank. Top management has been assigned the task of shaping strategic direction, allocating major resources, and coordinating effort, while field executives have been charged with day-to-day operations backed by decision-making powers which have been considerably strengthened through decentralization.

As part of a seven-year decentralization program, we moved our Area headquarters closer to their markets in order to provide fast, on-the-spot decisions to our clients. This process was completed during 1980 with the transfer from Montreal to Coral Gables, Florida, of the Latin America and Caribbean Area headquarters. Other Area headquarters are situated in Hong Kong (Asia/Pacific), New York (U.S.A.), London (United Kingdom, Ireland & Scandinavia, and Middle East & Africa) and Paris (Continental Europe).

An International Credit Committee meeting brings together senior divisional officers. Studying a proposal are, clockwise from the front, W.N. McFadyen, senior vice-president, Suzanne Labarge, assistant general manager, B.V. Kelly, senior vice-president, A.R. Taylor, executive vice-president and A.M. Channell, vice-president.

United States of America

At this stage in our long-established U.S. business, we look forward to increasing opportunities. Our efforts are focused on the corporate and commercial sectors, strengthening our correspondent banking activity, and expanding our comprehensive money market and foreign exchange operations. In the corporate area we have appointed additional representatives and calling officers. New advertising has been introduced and custom-designed services such as cash management have been developed or extended.

The Royal Bank and Trust Company, our wholly-owned commercial outlet in New York, has been given added strength with the injection of U.S.$100 million in new capital giving it an equity base in excess of U.S.$130 million.

In September we opened a new agency in Miami to complement our existing agencies in New York and San Francisco. The Miami office serves Florida and the Southeastern United States, as well as Latin America, the Caribbean and South America, providing off-shore deposit taking, trade financing, general purpose loans, money market and foreign exchange facilities.

The U.S. senior management team, transferred to New York a year ago, has been strengthened to meet the needs of our markets, especially in the corporate sector where the Royal continues to improve its position with U.S. multi-national corporations. We also plan to open new uptown offices closer to many of the corporate headquarters in New York.

We had strong growth at our full service branch in Portland, Oregon, particularly in the money market and foreign exchange business. The marketing drive of the Bank's representatives in Chicago, Dallas, Houston, Denver, Pittsburgh and Los Angeles resulted in increased recognition of our financing capabilities.

United Kingdom, Ireland and Scandinavia

In the important London financial community we appointed separate management teams to service the multi-national corporate market and the U.K.-based corporations. A newly established function of banking relations focuses on the "banking to banks" role and continues to expand banking services in the public sector.

Our previously mentioned merchant bank, The Royal Bank of Canada (London) Limited, has rapidly become the focal point for syndication and management of the Royal's Eurocurrency lending operations on a worldwide basis. Through this facility, we are also capable of underwriting bond issues, and several important issues were completed in 1980.

Among the major loans managed by the Bank in the Area were U.S.$100 million to Suomen Pankki Finlandsbank in Finland; U.S.$500 million to the Kingdom of Denmark; and U.S.$850 million to the Kingdom of Sweden.

The Plymouth-based Western Trust & Savings Limited, which was acquired in 1979, continues to expand its operations at 18 locations in the retail market, and now has assets of £94 million.

In addition, full banking services continue to be provided at two Royal Bank branches in London.

Continental Europe

Through acquisitions and increased ownership participations we have greatly strengthened our position in Continental Europe. The Bank's marketing emphasis is concentrated on the public sector and corporate markets, especially those that are trade-related.

Our general manager's department in Paris has been augmented to give us increased capability to market the Bank's services in the strong economies of Europe.

During 1980 we expanded our holdings in the important West German market. Through our wholly-owned subsidiary, BN Bank (Burgardt + Nottebohm Bank AG), we acquired Bankhaus Bohl KG with its assets of DM 200 million and branches in eight cities: Bielefeld, Essen, Frankfurt, Hamburg, Hanover, Heilbronn, Munich and Stuttgart. This provides

Leading the drive for world markets is the Bank's highly successful advertising campaign. Headlined "The Edge", it appears in many international periodicals.

new opportunities to participate in the West German consumer banking market and added to BN Bank's already extensive market penetration.

BN Bank, with assets of DM 2 billion, provides full deposit services, as well as brokerage and mergers and acquisitions services, giving the Royal a significant outlet in Germany. Through BN Bank's offices in Frankfurt, Dortmund, Düsseldorf and Hamburg, we provide the full resources of our global network to West German clients.

In addition, during the past year we increased our holdings in Banque Belge pour l'Industrie, Brussels, from 25 per cent to 62.5 per cent.

Major European loans which the Royal managed or co-managed last year, included: U.S.$300 million to Azienda Autonoma Delle Ferrovie Dello Stato; U.S.$1.2 billion to the Kingdom of Belgium; U.S.$425 million to Instituto Mobiliare Italiano; and $45 million to the National Bank of Greece.

Royal Bank subsidiaries and holding companies in The Netherlands and Switzerland, along with our representative office in Frankfurt and a long established subsidiary, The Royal Bank of Canada (France) in Paris, are part of the Royal's comprehensive network in Europe.

Middle East & Africa

This very large Area encompassing almost 75 countries offers considerable opportunity for the Royal. During 1980, we opened a new representative office in Cairo as part of an ongoing plan to seek new business in the important Middle East & Africa markets. Our existing network includes a branch in Dubai, a representative office in Bahrain, our subsidiary The Royal Bank of Canada (Middle East) S.A.L. with two branches in Beirut, and extensive correspondent banking connections, which give clients throughout the Area access to money markets, corporate and specialized lending, project financing and trade-related financial services.

In the Area, the Royal managed a loan of U.S.$200 million to the African Development Bank.

Latin America & Caribbean

Transfer of the Latin America & Caribbean Area headquarters to Coral Gables, Florida, during 1980 gave our Area executive more immediate access to the business activities of this part of the world. While retail banking continues to be a major activity in this Area, with 73 Royal Bank full service branches, we are also strengthening our capabilities to meet the needs of corporations, governments, government agencies and banks.

Julia Lai-Tyam, chief dealer, foreign exchange trading, at the Bank's international money market center in Hong Kong.

The Royal is placing special emphasis on the resource development potential of many of the countries in Latin America and the Caribbean. We are able to offer our long experience in financing energy projects at a time when the energy industry occupies such an important place in the world's economy.

Major loans managed or led within the Area in 1980 included (in U.S.$): $500 million to Petroleos Mexicanos SA (PEMEX); $150 million to the Republic of Trinidad and Tobago; $400 million to Eletrobras of Brazil; and $1.2 billion to the Republic of Venezuela.

During 1980 the Royal completed acquisition of Banco de San Juan, which has assets of U.S.$350 million, and 15 branches in Puerto Rico. This major purchase gives us an added presence in the Caribbean where we have been known and respected for more than 80 years.

Asia/Pacific

Possibly no region of the world holds greater promise and potential for the expansion of Canadian trade in the 1980's than the Pacific Rim countries. Consequently, the Royal has substantially strengthened its presence in the area.

As a leading bank to the People's Republic of China, the Royal became the first Canadian bank to sign an agreement with the China International Trust & Investment Corporation (CITIC). The agreement, signed in 1980, formalized a relationship we have had with the Bank of China that goes back more than a quarter of a century. It will promote investments between Canada and China, enhance two-way trade opportunities and arrange financing for these projects.

Within the Area, Australia is an increasingly important market to the Bank. We have recently received permission to open a representative office in Melbourne which will support our present representative office and our wholly-owned subsidiary, RoyAust Ltd., both located in Sydney.

The Royal Bank's total management position in loans throughout the vast Asia/Pacific Area exceeded $3.6 billion in 1980.

Some of those loans included: U.S.$245 million to Queensland Aluminia in which we took a co-management position; and U.S.$200 million to the Government of Malaysia which the Bank managed.

In March 1980, coinciding with the relocation to new premises, Hong Kong was officially designated as the Bank's Area headquarters. Our branch operation and our expanding merchant banking unit are also located in Hong Kong. A branch and our Asian Currency Unit in Singapore are important facilities in the increasingly strong Asian dollar market.

The revision to Canada's banking legislation which occurred late in 1980 will provide the Royal with exciting opportunities in Asia. One of our objectives is to upgrade our Tokyo, Japan, representative office into a branch, giving us added presence in the second largest economy in the free world. The Bank has already applied for the necessary regulatory approval.

International Banking in Review

The 80's provide every indication of being a decade of economic, political and social turbulence, with greatly increased interdependence among regions and nations. In building a strategy for the next 10 years and beyond, we have considered the slower levels of growth which will probably occur among the developed nations and carefully analyzed the risks involved with increased involvement in the international arena. We plan to venture further into this marketplace building on our strengths and our record of success.

Highlights of Consolidated Statements Under the New Bank Act

The schedule on page 40 compares consolidated statements prepared in accordance with the new Bank Act, with the statutory financial statements for 1980 and 1979. The major changes in the new Bank Act involve the full consolidation of companies in which we have over 50% ownership, and equity accounting for those companies in the 20-50% ownership category. Another major change is that our letters of credit and guarantees will no longer be included in the total assets figure. There are also changes in the accounting for securities. In the case of shares, all gains and losses on disposal will be recorded in the Income Statement in the current year, and in the case of interest-bearing securities, one-fifth will be recorded in the current year with the balance amortized evenly over the next four years. In the attached schedule the effect of these changes has been applied retroactively.

Revised consolidated 1980 earnings were $350.6 million or $9.55 per share, $23.1 million or $0.63 per share higher than the statutory basis. This compares very favourably to the increment of $11.1 million or $0.30 per share in 1979.

At October 31, 1980, total assets on the new Bank Act basis of $61.5 billion were $1.4 billion less than the statutory total. The reduction results from the elimination of customers' liability under guarantees and letters of credit of $4.2 billion partially offset by an increase of $2.8 billion resulting from additional consolidations and equity accounting, and $56 million reflecting revised accounting for securities. Revised shareholders' equity of $2.2 billion as of October 31, 1980 was $137 million higher than the statutory basis resulting from additional consolidations and equity accounting to the extent of $94 million and revised securities accounting to the extent of $43 million. The deposit to capital ratio on the new basis is 18.6:1 as of October 31, 1980, slightly better than the 18.8:1 as calculated on the statutory basis including Globe Realty Limited's preferred shares and debentures.

Highlights of Consolidated Statements Under the New Bank Act (in thousands)

Statement of Assets and Liabilities as at	October 31, 1980		October 31, 1979	
	New Bank Act	Financial Statements	New Bank Act	Financial Statements
Assets				
Cash Resources	**$12,180,484**	**$12,079,436**	$10,531,937	$10,496,211
Securities	**6,614,635**	**6,145,924**	6,213,159	5,826,710
Loans	**40,318,392**	**38,279,661**	33,153,036	31,701,756
Customers' liability under acceptances, guarantees and letters of credit	**1,435,830**	**5,433,247**	975,921	2,907,916
Land, buildings, equipment and other assets	**927,743**	**895,583**	751,554	789,323
Total Assets	**$61,477,084**	**$62,833,851**	$51,625,607	$51,721,916
Liabilities				
Deposits	**$56,277,668**	**$54,301,816**	$47,808,720	$46,386,789
Acceptances, guarantees and letters of credit	**1,435,830**	**5,433,247**	975,921	2,907,916
Other liabilities (1)	**799,561**	**448,555**	384,680	257,490
Minority interest in subsidiaries (2)	**176,337**	**—**	164,991	—
Subordinated Debt—Bank Debentures	**594,226**	**594,226**	519,559	519,559
Capital & Reserves				
Appropriations for contingencies	**198,871**	**198,871**	195,449	195,449
Shareholders' equity:				
Capital stock—common	**80,243**	**80,243**	73,181	73,181
Contributed surplus	**348,125**	**348,125**	192,762	192,762
General reserve	**171,272**	**171,272**	162,203	162,203
Retained earnings	**1,394,951**	**1,257,496**	1,148,141	1,026,567
	2,193,462	**2,056,007**	1,771,736	1,650,162
Total Liabilities	**$61,477,084**	**$62,833,851**	$51,625,607	$51,721,916

Statement of Income for the Year Ended	October 31, 1980		October 31, 1979	
Interest and dividend income	**$ 6,879,425**	**$ 6,654,349**	$ 4,877,096	$ 4,690,097
Interest expense	**5,519,852**	**5,341,663**	3,715,281	3,584,478
Net interest income	**1,359,573**	**1,312,686**	1,161,815	1,105,619
Provision for loan losses	**121,731**	**120,775**	104,017	103,148
Net interest income after loan loss provision	**1,237,842**	**1,191,911**	1,057,798	1,002,471
Other income	**377,572**	**369,661**	320,912	310,240
Net interest and other income	**1,615,414**	**1,561,572**	1,378,710	1,312,711
Non-interest expenses	**1,193,375**	**1,176,442**	1,017,996	995,698
Net income before provision for income taxes	**422,039**	**385,130**	360,714	317,013
Provision for income taxes	**58,276**	**57,700**	63,880	46,300
Net income before minority interest in subsidiaries	**363,763**	**327,430**	296,834	270,713
Minority interest in subsidiaries (3)	**13,193**	**—**	14,998	—
Net income for the year	**$ 350,570**	**$ 327,430**	$ 281,836	$ 270,713
Earnings per share	**$ 9.55**	**$ 8.92**	$ 7.70	$ 7.40

(1) "Other liabilities" for 1980 includes U.S.$ 75.0 million of debentures (Cdn.$ 88,252 M) for Globe Realty Limited and DM 100 million debentures (Cdn.$ 61,640 M) for The Royal Bank of Canada (Curaçao) N.V.

(2) "Minority interest in subsidiaries" includes Globe Realty Limited's preferred shares outstanding: 1980—$154,031 M; 1979—$159,238 M.

(3) Included in "minority interest in subsidiaries" income is the Globe Realty Limited preferred share dividends of $11,697 M in 1980 and $11,680 M in 1979.

The Royal Bank of Canada
Major Operating Subsidiaries

Canada and U.S.A.	Consolidated Present Bank Act	Consolidated New Bank Act	Equity Basis New Bank Act
Banks	The Royal Bank and Trust Company		
Others		Globe Realty Limited RoyLease Limited RoyMarine Leasing Limited RoyMor Mortgage Corporation	Aetna Financial Services Limited RoyNat Limited
Latin America and Caribbean			
Banks	Banco de San Juan The Royal Bank of Canada International Limited RoyWest Banking Corporation Limited	The Royal Bank Jamaica Limited	Banco Internacional S.A. Banco Royal Colombiano Banco Royal Venezolano C.A. The Royal Bank of Trinidad & Tobago Limited
Trust Companies		Royal Bank Trust Company (Barbados) Limited Royal Bank Trust Company (Guyana) Limited	
Others	The Royal Bank of Canada (Curaçao) N.V. The Royal Bank of Canada (Overseas) N.V.	Computer Service & Programming Limited	Finance Corporation of Bahamas Limited General Finance Corporation Limited RoyWest Trust Corporation (Bahamas) Limited RoyWest Trust Corporation (Cayman) Limited
U.K., Ireland & Scandinavia			
Banks	The Royal Bank of Canada (Channel Islands) Limited Western Trust and Savings Limited		
Merchant Banks	The Royal Bank of Canada (London) Limited		Orion Bank Limited
Others		RoyTru Leasing Limited	
Continental Europe			
Banks	Bankhaus Bohl KG Burgardt + Nottebohm AG The Royal Bank of Canada (France)	Banque Belge pour l'Industrie	
Others	RBC Finance B.V. RoyCan Finanz AG		
Middle East & Africa			
Banks	The Royal Bank of Canada (Middle East) S.A.L.		
Merchant Bank		Equator Bank Limited	
Others	RoyMidEast Investments Limited		
Asia/Pacific			
Merchant Bank	RoyEast Investments Limited		
Others	The Royal Bank of Canada (Asia) Limited RoyAust Limited	InchRoy Credit Corporation Limited.	

Financial Statements

	Year Ended October 31, 1980	Year Ended October 31, 1979
Revenue		
Income from loans	**$6,076,228,894**	$4,215,510,225
Income from securities	**578,120,163**	474,587,386
Other operating revenue	**369,661,315**	310,239,694
Total Revenue	**7,024,010,372**	5,000,337,305
Expenses		
Interest on deposits and bank debentures	**5,341,662,944**	3,584,477,776
Salaries, pension contributions and other staff benefits	**727,256,116**	627,489,909
Property expenses, including depreciation	**182,252,561**	162,492,395
Other operating expenses, including a provision of $120,775,000 ($103,148,150 in 1979) for losses on loans based on five-year average loss experience	**387,708,937**	308,864,225
Total Expenses	**6,638,880,558**	4,683,324,305
Balance of revenue	**385,129,814**	317,013,000
Provision for income taxes relating thereto (note 2)	**57,700,000**	46,300,000
Balance of revenue after provision for income taxes (per share 1980—$8.92; 1979—$7.40)	**327,429,814**	270,713,000
Appropriation for losses	**135,700,000**	112,200,000
Balance of profits for the year	**191,729,814**	158,513,000
Dividends (per share 1980—$2.52; 1979—$2.18)	**94,549,404**	79,767,072
Amount carried forward	**97,180,410**	78,745,928
Undivided profits at beginning of year	**1,329,485**	1,186,252
Transfer from accumulated appropriations for losses	**104,000,000**	122,000,000
	202,509,895	201,932,180
Transferred to Rest Account	**200,889,088**	200,602,695
Undivided profits at end of year	**$ 1,620,807**	$ 1,329,485

Statement of Assets and Liabilities

	October 31, 1980	October 31, 1979
Assets		
Cash and due from banks (note 4)	**$12,637,284,876**	$10,515,764,034
Cheques and other items in transit, net	**152,955,859**	565,549,395
Total Cash Resources	**12,790,240,735**	11,081,313,429
Securities issued or guaranteed by Canada, at amortized value	**2,571,427,923**	2,360,711,365
Securities issued or guaranteed by provinces, at amortized value	**45,196,154**	74,595,675
Other securities, not exceeding market value	**3,529,300,305**	3,391,401,838
Total Securities (note 5)	**6,145,924,382**	5,826,708,878
Day, call and short loans to investment dealers and brokers, secured	**455,900,413**	502,833,404
Other loans, including mortgages, less provision for losses (note 6)	**37,112,954,908**	30,613,821,304
Total Loans	**37,568,855,321**	31,116,654,708
Bank premises, at cost less accumulated depreciation (note 7)	**599,897,722**	536,475,985
Securities of and loans to corporations controlled by the Bank	**188,944,415**	179,264,993
Customers' liability under acceptances, guarantees and letters of credit, as per contra (note 8)	**5,433,247,426**	2,907,916,030
Other assets	**106,741,508**	73,581,967
Total Sundry Assets	**6,328,831,071**	3,697,238,975
	$62,833,851,509	$51,721,915,990

	October 31, 1980	October 31, 1979
Liabilities		
Deposits by Canada	**$ 816,138,011**	$ 636,284,072
Deposits by provinces	**82,889,878**	352,655,669
Deposits by banks	**11,677,982,121**	10,467,895,379
Personal savings deposits payable after notice, in Canada, in Canadian currency	**18,068,668,630**	14,910,622,558
Other deposits	**23,656,137,975**	20,019,331,706
Total Deposits	**54,301,816,615**	46,386,789,384
Acceptances, guarantees and letters of credit (note 8)	**5,433,247,426**	2,907,916,030
Other liabilities	**448,554,976**	257,489,583
Total Sundry Liabilities	**5,881,802,402**	3,165,405,613
Debentures issued and outstanding (note 9)	**594,226,000**	519,559,000
Accumulated appropriations for losses	**370,142,935**	357,651,708
Shareholders' Equity		
Capital stock: Authorized—50,000,000 shares of $2 each—$100,000,000 Issued (note 10)	**80,242,750**	73,180,800
Rest Account (note 10)	**1,604,000,000**	1,218,000,000
Undivided profits	**1,620,807**	1,329,485
Total Shareholders' Equity	**1,685,863,557**	1,292,510,285
	$62,833,851,509	$51,721,915,990

ROWLAND C. FRAZEE,
Chairman and Chief Executive Officer
R.A. UTTING,
Vice-Chairman

Statement of Accumulated Appropriations for Losses

	Year Ended October 31, 1980	Year Ended October 31, 1979
Accumulated appropriations at beginning of year		
General appropriations	**$195,448,909**	$122,030,948
Tax-paid appropriations	**162,202,799**	203,439,867
Total	**357,651,708**	325,470,815
Changes during the year		
Appropriation from current year's operations	**135,700,000**	112,200,000
Excess of loss experience on loans for the year over provision for losses on loans based on five-year average loss experience (included in other operating expenses) (note 3)	**(25,344,794)**	38,330,569
Profits and losses on securities, including provisions to reduce securities other than those of Canada and the provinces to values not exceeding market (note 3)	**(13,619,071)**	(31,280,142)
Other profits, losses and non-recurring items, net (note 3)	**2,819,092**	7,683,466
Provision for income taxes, including credit of $21,200,000 ($30,600,000 in 1979) relating to appropriation from current year's operations (note 2)	**16,936,000**	27,247,000
Transferred to undivided profits	**(104,000,000)**	(122,000,000)
Total	**12,491,227**	32,180,893
Accumulated appropriations at end of year		
General appropriations	**198,871,300**	195,448,909
Tax-paid appropriations	**171,271,635**	162,202,799
Total	**$370,142,935**	$357,651,708

Auditors' Report

To the Shareholders,
The Royal Bank of Canada

We have examined the statement of assets and liabilities of The Royal Bank of Canada as at October 31, 1980 and the related statements of revenue, expenses and undivided profits and accumulated appropriations for losses for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion these statements present fairly the financial position of the Bank as at October 31, 1980 and its revenue, expenses and undivided profits and its accumulated appropriations for losses for the year then ended.

Montreal, December 2, 1980
GERALD J. WAREHAM, C.A.
of Price Waterhouse & Co.
ROBERT M. RENNIE, C.A.
of Touche Ross & Co.

1. Significant Accounting Policies

The Bank Act and the related Rules issued under the authority of the Minister of Finance stipulate the form of the financial statements published by Canadian chartered banks, as well as most of the significant accounting policies. The significant accounting policies followed by the Bank are:

Basis of Consolidation
The financial statements include the assets and liabilities and results of operations of all wholly-owned banking subsidiaries. The significant subsidiaries so included are:

The Royal Bank of Canada (France)
The Royal Bank of Canada (Middle East) S.A.L.
The Royal Bank of Canada International Limited
The Royal Bank of Canada (London) Limited
The Royal Bank of Canada (Channel Islands) Limited
The Royal Bank of Canada (Curaçao) N.V.
The Royal Bank of Canada (Overseas) N.V.
The Royal Bank of Canada (Asia) Limited
The Royal Bank and Trust Company
RoyEast Investments Limited
RoyWest Banking Corporation Limited
RoyAust Limited
RoyMidEast Investments Limited
RoyCan Finanz AG
Western Trust & Savings Limited
RBC Finance B.V.
Burgardt + Nottebohm Bank AG
Bankhaus Bohl KG
Banco de San Juan

All other investments in subsidiaries and affiliates (companies owned between 20% and 50%) are carried at the lower of cost and estimated net realizable value, and income from such investments is recognized only when dividends are received. As required by the Bank Act, the statements of assets and liabilities of significant non-consolidated subsidiaries are shown separately.

Securities
Securities issued or guaranteed by Canada or the provinces are recorded at amortized value. Other securities in the Bank's investment account are recorded at the lower of cost and market value. Trading account securities are carried at market value.

Profits and losses on disposals and write-downs to market value of securities held in the Bank's investment account are included in the Statement of Accumulated Appropriations for Losses, whereas profits, losses and write-downs of trading account securities are included in "Income from Securities" in the Statement of Revenue, Expenses and Undivided Profits.

Loans
Loans include accrued interest. However, when interest on a loan is due and has not been collected for a period of 90 days, the Bank classifies such a loan as non-current and previously accrued interest is then reversed.

Bank Premises
Bank premises are recorded at cost and are depreciated over their estimated useful lives using primarily the straight-line method.

Acceptances, Guarantees and Letters of Credit
The Bank's potential liability under acceptances, guarantees and letters of credit is reported as a liability in the Statement of Assets and Liabilities. The Bank's recourse against the customer in the case of a call on any of these commitments is reported as an offsetting asset of the same amount.

Appropriations for Losses
In arriving at the balance of profits for the year, the Bank makes an appropriation to provide for possible unforeseen future losses on loans, securities and other assets. This appropriation is in addition to a provision for losses on loans (based upon a formula prescribed by the Minister of Finance designed to average the loss experience over a five-year period) which is included in other operating expenses.

The difference between the provision for losses on loans based on five-year average loss experience and the actual loss experience for the year is recorded in the Statement of Accumulated Appropriations for Losses.

The Accumulated Appropriations for Losses consist of two elements—general and tax-paid. The general portion, which is deductible for income tax purposes, is limited to an amount equal to a percentage (1½% of the first $2 billion and 1% in excess thereafter) of eligible assets less specific provisions for losses relating to such assets. The tax-paid portion has accumulated over the years from certain non-taxable items and from profits upon which income tax has been paid.

Translation of Foreign Currencies
Assets and liabilities in foreign currencies are translated into Canadian dollars at rates prevailing on the balance sheet date; revenue and expenses are translated at prevailing quarter-end rates.

Foreign exchange positions are hedged as much as practicable by forward exchange contracts. Any gain or loss on the unhedged foreign exchange position at the end of each quarter is included in income.

2. Provision for Income Taxes

	1980	1979
Statement of Revenue, Expenses and Undivided Profits	**$57,700,000**	$46,300,000
Statement of Accumulated Appropriations for Losses	**(16,936,000)**	(27,247,000)
Rest Account (see note 10)	**(1,277,000)**	—
Net provision for income taxes	**$39,487,000**	$19,053,000

The provision for income taxes shown in the Statement of Revenue, Expenses and Undivided Profits takes into account the non-taxable dividends and other income totalling $221,144,000 (1979—$195,666,000) received from Canadian corporations.

The recovery of income taxes shown in the Statement of Accumulated Appropriations for Losses includes an income tax reduction of $21,200,000 (1979—$30,600,000) relating to the portion of the appropriations for losses for the year which is deductible currently or in future years for income tax purposes.

3. Accumulated Appropriations for Losses

Additions to and deductions from Accumulated Appropriations for Losses relating to loans, securities held for investment, and mortgages and other items comprised the following:

	1980	1979
Loans		
Loss experience for the year on loans (net new specific provisions for losses on loans plus write-offs less recoveries of loans previously written off)	**$ 146,119,794**	$ 64,817,581
Provision for losses on loans based on five-year average loss experience included in other operating expenses in the Statement of Revenue, Expenses and Undivided Profits	**120,775,000**	103,148,150
Net addition to (deduction from) Accumulated Appropriations for Losses	**$ (25,344,794)**	$ 38,330,569
Securities Held for Investment and Mortgages		
Net profits (losses) on disposals of		
Government of Canada securities	**$ (5,346,222)**	$ (24,624,637)
Provincial government securities	**—**	(159,246)
Other securities	**20,158,286**	4,396,924
Mortgages (see note 6)	**(13,924,617)**	(2,061,785)
Net change in specific provisions on securities to adjust to values not exceeding market	**(14,506,518)**	(8,831,398)
Net deduction from Accumulated Appropriations for Losses	**$ (13,619,071)**	$ (31,280,142)
Other Items		
Net profit on disposals of bank premises	**$ 667,035**	$ 2,105,707
Miscellaneous	**2,152,057**	5,577,759
Net addition to Accumulated Appropriations for Losses	**$ 2,819,092**	$ 7,683,466

4. Cash and Due from Banks

	1980	1979
Cash and deposits with Bank of Canada	**$ 1,549,304,723**	$ 1,585,219,592
Loans and deposits with banks	**11,087,980,153**	8,930,544,442
	$12,637,284,876	$10,515,764,034

5. Securities

	Maturity					1980	1979
	Within 1 year	1 to 3 years	3 to 5 years	5 to 10 years	10 years		
Securities Issued or Guaranteed by							
Canada	$2,066,358,539	$172,567,385	$189,622,322	$ 66,148,554	$ 76,731,123	**$2,571,427,923**	$2,360,711,365
Provinces	10,681,257	9,706,032	14,502,233	7,960,201	2,346,431	**45,196,154**	74,595,675
Other Securities							
Debt Securities:							
Municipal and school corporations	19,104,921	36,977,641	13,684,436	9,896,640	492,718	**80,156,356**	99,006,973
Floating rate income debentures	82,653,122	257,410,600	237,429,900	200,248,841	146,710,700	**924,453,163**	918,308,606
Other Canadian issuers	238,429,369	7,530,643	43,768,615	6,142,100	1,137,248	**297,007,975**	167,039,734
Issuers other than Canadian	164,937,299	17,381,722	26,487,031	37,591,399	186,001,603	**432,399,054**	264,928,621
	$2,582,164,507	$501,574,023	$525,494,537	$327,987,735	$413,419,823		
Equity Securities:							
Floating rate preferred shares						**1,671,303,380**	1,709,591,633
Other Canadian issuers						**110,433,599**	204,938,271
Issuers other than Canadian						**13,546,778**	27,588,000
						$6,145,924,382	$5,826,708,878

6. Other Loans

	1980	1979
N.H.A. and conventional mortgages	**$ 5,010,168,033**	$ 4,381,543,563
Loans to provinces	**75,277,629**	52,140,186
Loans to municipalities and school corporations	**312,635,791**	404,157,554
Other loans in Canadian currency	**20,585,961,254**	17,034,402,184
Other loans in currencies other than Canadian	**11,128,912,201**	8,741,577,817
	$37,112,954,908	$30,613,821,304

During the year the Bank sold $461,004,000 principal amount of mortgages to its wholly-owned subsidiary RoyMor Mortgage Corporation at market values and incurred losses on such sales aggregating $13,842,000. These losses were charged against the Accumulated Appropriations for Losses.

7. Bank Premises

	Cost	Accumulated Depreciation	1980 Net Book Value	1979 Net Book Value
Land	$ 60,220,853	$ —	**$ 60,220,853**	$ 62,675,067
Buildings	382,990,388	56,514,995	**326,475,393**	301,598,966
Furniture, fixtures and equipment	273,920,191	135,128,152	**138,792,039**	111,646,408
Leasehold improvements	130,453,185	56,043,748	**74,409,437**	60,555,544
	$847,584,617	$247,686,895	**$599,897,722**	$536,475,985

8. Acceptances, Guarantees and Letters of Credit

	1980	1979
Acceptances	**$1,435,830,192**	$ 975,921,475
Guarantees and letters of credit, including $1,670,438,000 (1979—$90,150,000) of guarantees relating to non-consolidated subsidiaries	**3,997,417,234**	1,931,994,555
	$5,433,247,426	$2,907,916,030

9. Debentures

Maturity	Rate		1980	1979
April 1, 1982	8¾%	Callable on or after April 1, 1981	**$ 35,000,000**	$ 35,000,000
February 15, 1984	8%	Callable on or after February 15, 1982	**40,000,000**	40,000,000
May 15, 1986	10%	Callable on or after May 15, 1984	**40,000,000**	40,000,000
June 1, 1986	9¼%		**60,000,000**	60,000,000
June 1, 1987	9%		**75,000,000**	75,000,000
December 1, 1987	7½%	Callable on or after December 1, 1982	**1,019,000**(1)	1,044,000(1)
April 1, 1988	9½%	Callable on or after April 1, 1984	**35,000,000**(1)	35,000,000(1)
February 15, 1989	10.40%		**75,000,000**	75,000,000
November 15, 1990	(2)		**75,000,000**	—
April 15, 1991	7%	Callable on or after April 15, 1983	**3,207,000**(1)	3,515,000(1)
February 15, 1992	9%	Callable on or after February 15, 1985	**40,000,000**(1)	40,000,000(1)
May 15, 1994	10%	Callable on or after May 15, 1986	**40,000,000**(1)	40,000,000(1)
December 1, 1994	10%	Maturity on December 1, 1984 at the option of the holder and callable on or after that date	**75,000,000**(1)	75,000,000(1)
			$594,226,000	$519,559,000

(1) Subject to sinking fund provisions.

(2) The 1990 debentures bear interest at a rate of ⅝ of 1% below the Bank's average daily prime rate.

10. Capital Stock and Rest Account

In September, 1980, the Bank offered additional shares to its shareholders on the basis of one new share at $46 per share for every eight shares held; shares could be purchased outright or in ten monthly instalments.

When payments are fully received for the shares which were partly paid at October 31, 1980 Capital Stock and Rest Account will be increased by additional amounts of $2,085,650 and $45,884,304 respectively.

Changes for the year in the Capital Stock and Rest Account were as follows:

	Capital Stock			
	Number of Shares			
	Issued and Fully Paid	Partly Paid	Amount	Rest Account
October 31, 1979	36,590,400	—	$73,180,800	$1,218,000,000
Proceeds relating to rights offering	3,403,867	1,169,933	7,061,950	155,362,896
Expenses of issue (net of income taxes of $1,277,000)	—	—	—	(1,250,815)
Share of post-acquisition earnings of subsidiaries not previously consolidated	—	—	—	30,998,831
Transfer from undivided profits	—	—	—	200,889,088
October 31, 1980	39,994,267	1,169,933	$80,242,750	$1,604,000,000

11. Earnings per Share

Earnings per share have been calculated on the daily average equivalent of fully paid shares outstanding, reflecting the September, 1980 rights issue. The daily average number of shares outstanding for the year ended October 31, 1980 was 36,700,978 (1979—36,590,400).

12. Long-term Commitments for Leases

Rental expense for buildings for the year ended October 31, 1980 was $58,009,000 (1979—$51,880,000). Minimum future rental commitments for buildings under long-term non-cancellable leases for the next five years are as shown below. Annual rental commitments after 1985 are in decreasing amounts.

1981	$35,710,000
1982	32,724,000
1983	30,406,000
1984	28,020,000
1985	25,948,000

13. Pension Plan

The Bank has an employee pension plan which is available to all employees after five years service or at age 25 on a contributory or a non-contributory basis.

The total cost in respect of both current service and past service charged to income for the year ended October 31, 1980 amounted to $30,895,000 (1979—$28,379,000).

An actuarial valuation of the pension fund which was last done in January, 1980 is performed every three years in accordance with statutory requirements. The estimated unfunded past service obligation at October 31, 1980 amounted to $70,800,000; this amount will be fully funded in December, 1980 and charged to income over 13 years. All vested pension rights of employees are fully funded.

14. Other Commitments and Guarantees

In connection with the sale in December, 1978 by Globe Realty Limited, a wholly-owned subsidiary of the Bank, of $160,000,000 $1.88 Cumulative Redeemable Preferred Shares, Series A (exchangeable at the option of the Bank into Bank Preferred Shares when and if revisions to the Bank Act so permit), the Bank has covenanted to ensure that Globe Realty Limited has sufficient distributable surplus and available cash to enable it to make all payments of dividends and other distributions in respect of such shares. The Bank has also agreed to use all reasonable efforts to purchase in each calendar quarter 48,000 such preferred shares, if available, at prices not exceeding $25 per share. As at October 31, 1980 there were 6,161,250 preferred shares having an aggregate value of $154,031,250 issued and outstanding.

In connection with the sale in July, 1980 by Globe Realty Limited of U.S.$75,000,000 11⅝% Notes due 2000, the Bank has unconditionally guaranteed the payment of both principal and interest. The Bank has also covenanted to effect the exchange of all outstanding Notes for the same aggregate principal amount of debentures of the Bank subject to, and within six months of, the necessary revisions being made to the Bank Act to permit such exchange.

In connection with the sale in July, 1980 by The Royal Bank of Canada (Curaçao) N.V. of D.M. 100,000,000 7¾% Bonds due 1990, the Bank has unconditionally guaranteed the payment of both principal and interest. These bonds are currently included in Other Liabilities in the Statement of Assets and Liabilities. The Royal Bank of Canada (Curaçao) N.V. is entitled at any time to substitute The Royal Bank of Canada as borrower.

Statements of Assets and Liabilities of Controlled Corporations

Globe Realty Limited

(Incorporated under the laws of Canada)
and its wholly-owned subsidiary companies
Globe Building Corporation
Globe Realty Management Limited
Condensed Consolidated Statement as at October 31, 1980
(In Canadian Dollars)

Assets		Liabilities	
Real estate, buildings and equipment, at cost less accumulated depreciation (note 2)	**$124,170,146**	Accounts payable and other liabilities	**$ 4,002,335**
Cash in bank	**1,608,572**	Dividend payable	**2,895,788**
U.S. term deposits	**92,339,398**	Short-term promissory notes	**51,078,291**
Investments in floating rate preferred shares	**104,695,884**	6¾% Mortgage Payable	**2,376,480**
Other assets	**2,065,210**	U.S. $75,000,000 11⅝% notes due 2000	**88,252,500**
		The Royal Bank of Canada	**133,033**
		Deferred income taxes	**3,734,000**
		Capital stock fully paid (6,161,250 $1.88 cumulative redeemable preferred shares Series A of no par value)	**154,031,250**
		(85,045 common shares of no par value)	**8,504,500**
		Retained earnings	**9,871,033**
	$324,879,210		**$324,879,210**

NOTES: (1) The Royal Bank of Canada owns the entire common stock of Globe Realty Limited. This investment is carried on the books of the Bank at $6,086,500.

(2) In accordance with agreements providing for the leasing of certain lands to third parties, Globe Realty Limited has pledged lands having a cost of $8,826,417 as part of the security for mortgages arranged by the third parties on the properties. The terms of the agreements provide that buildings on these lands become the property of the Company at the expiration of the leases.

The Royal Bank Jamaica Limited

(Incorporated under the laws of Jamaica)
and its wholly-owned subsidiary company
Royal Bank Trust Company (Jamaica) Limited
Condensed Consolidated Statement as at September 30, 1980
(In Jamaican Dollars; Canadian equivalent $0.661)

Assets		Liabilities	
Cash and due from banks	**$ 20,619,676**	Deposits	**$205,664,274**
Cheques and other items in transit, net	**3,849,987**	The Royal Bank of Canada	**2,801,538**
Securities, at cost	**64,728,713**	Acceptances, guarantees and letters of credit	**65,761,054**
Loans and advances, less provision for losses	**116,290,104**	Other liabilities	**29,624,042**
Real estate, buildings and equipment, at cost or valuation less accumulated depreciation	**5,564,979**	Capital stock fully paid (4,000,000 stock units of $1 each)	**4,000,000**
Customers' liability under acceptances, guarantees and letters of credit	**65,761,054**	Capital reserve (note 2)	**775,645**
		Contributed surplus	**337,235**
Other assets	**37,666,370**	Statutory reserve	**3,440,000**
		Surplus	**2,077,095**
	$314,480,883		**$314,480,883**

NOTES: (1) The Royal Bank of Canada owns 56.25% of the capital stock of The Royal Bank Jamaica Limited. This investment is carried on the books of the Bank at Can. $1,490,931.

(2) The capital reserve arises from the independent appraisal of the real estate and buildings.

RoyLease Limited

(Incorporated under the laws of Canada)
and its wholly-owned subsidiary company
RoyMarine Leasing Limited
Condensed Consolidated Statement as at October 31, 1980
(In Canadian Dollars)

Assets		Liabilities	
Receivable under lease agreements less unearned income of $98,784,744	$298,406,826	Accrued interest payable and other liabilities	$ 10,661,921
Preliminary outlays for leased assets	1,635,392	Short-term promissory notes	123,654,754
	300,042,218	Long-term debt	123,086,696
Provision for losses	(1,475,862)	The Royal Bank of Canada	64,009,516
	298,566,356	Deferred income taxes	9,331,042
Amount due under conditional sales agreements less unearned income of $1,672,276	11,661,187	Capital stock fully paid (1,385,000 shares of no par value)	13,850,000
Secured loans	9,028,565	Deficit	(1,164,616)
Term deposits	14,329,905		
Other assets	9,843,300		
	$343,429,313		$343,429,313

NOTE: The Royal Bank of Canada owns the entire capital stock of RoyLease Limited. This investment is carried on the books of the Bank at $19,395,000.

RoyMor Mortgage Corporation

(Incorporated under the laws of Canada)
Condensed Statement as at October 31, 1980
(In Canadian Dollars)

Assets		Liabilities	
Residential mortgages at outstanding principal amount less unamortized purchase discount of $10,678,414	$1,188,279,555	Accrued interest payable and other liabilities	$ 44,964,200
Receivable under lease agreements less unearned income of $4,662,808	10,216,164	The Royal Bank of Canada	20,683,982
	1,198,495,719	Short-term promissory notes	35,245,300
Investments in floating rate preferred shares	85,000,000	Investment certificates	
Other investments	126,349,058	Due within one year	416,183,935
Other assets	8,259,286	Due beyond one year	788,084,210
		Debentures	49,186,000
		Deferred income taxes	12,822,620
		Capital stock fully paid	
		(35,000,000 $1 cumulative redeemable 6% preferred shares Series A)	35,000,000
		(47,000 $100 non-cumulative participating shares class A)	4,700,000
		(10,000 $10 class B shares)	100,000
		Retained earnings	11,133,816
	$1,418,104,063		$1,418,104,063

NOTE: The Royal Bank of Canada owns the entire capital stock of RoyMor Mortgage Corporation with the exception of the directors' qualifying shares. This investment is carried on the books of the Bank at $40,108,050.

InchRoy Credit Corporation Limited
(Incorporated under the laws of Hong Kong)
Condensed Statement as at December 31, 1979
(In Hong Kong Dollars; Canadian Equivalent $.2364)

Assets		Liabilities	
Cash and due from banks	$ 528,610	Accounts payable and accrued liabilities	$ 11,568,581
Loans and advances, less provision for losses	83,343,320	Bank loans and overdrafts	209,047,696
Receivable under lease agreements less unearned income of $50,169,958	293,165,600	Amount due to holding company	52,429,949
Leasing Assets	1,746,166	Short-term borrowings	64,555,591
Furniture, fixtures and equipment at cost less accumulated depreciation	101,093	Term loan	22,903,000
Other assets	7,006,977	Capital stock fully paid (2,000,000 shares of HK$10 each)	20,000,000
		Retained earnings	5,386,949
	$385,891,766		$385,891,766

NOTE: The Royal Bank of Canada owns 51% of the capital stock of InchRoy Credit Corporation Limited through its wholly-owned subsidiary, RBC Holdings B.V. This investment is carried on the books of the consolidated group at Can. $10,269,451.

Auditors' Report

To the Shareholders,
The Royal Bank of Canada:

We have examined the statements of assets and liabilities of controlled corporations of The Royal Bank of Canada as at the dates indicated. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion these statements present fairly the financial position of the corporations as at the dates indicated.

Montreal, December 2, 1980
GERALD J. WAREHAM, C.A.
of Price Waterhouse & Co.
ROBERT M. RENNIE, C.A.
of Touche Ross & Co.

Selected Statistical Data

Selected Statistical Data

Ten-Year Analytical Review

	1980	1979	1978	1977	1976
Revenue and expenses as a per cent of average total assets					
Average total assets ($ millions)	**$57,459**	$46,847	$37,514	$31,763	$26,763
Net interest revenue (taxable equiv. basis) (1)	**2.66%**	2.78%	3.01%	2.97%	3.09%
Other operating revenue	**.64%**	.66%	.69%	.71%	.74%
Non-interest expenses (excl. l.l.p.)	**2.05%**	2.12%	2.29%	2.43%	2.51%
Loan loss provision	**.21%**	.23%	.25%	.26%	.25%
Total non-interest expenses	**2.26%**	2.35%	2.54%	2.68%	2.76%
Balance of revenue after taxes	**.57%**	.58%	.62%	.53%	.59%
Share information					
Shares outstanding (thousands) (2)	**36,701**	36,590	36,590	36,590	36,576
Earnings per share	**$ 8.92**	$ 7.40	$ 6.39	$ 4.61	$ 4.30
Dividends	**$ 2.52**	$ 2.18	$ 1.565	$ 1.38	$ 1.305
Share price (3) high	**$ 55½**	$ 46¾	$ 38	$ 28⅝	$ 33½
low	**$ 35⅞**	$ 33¾	$ 24⅜	$ 22¾	$ 26¼
close	**$ 53½**	$ 37⅜	$ 35	$ 24¾	$ 27
Book value (4)	**$ 51.24**	$ 45.10	$ 38.38	$ 31.73	$ 27.90
Price/earnings ratio (5)	**5.1**	5.4	4.9	5.6	6.9
Dividend yield (6)	**5.5%**	5.4%	5.0%	5.4%	4.4 %
Other information					
Deposit to capital ratio (7)	**18.8:1**	19.9:1	20.3:1	20.7:1	20.4:1
Return on equity (8)	**18.2%**	17.7%	18.2%	15.5%	16.2%
Number of shareholders (9)	**38,463**	32,058	31,503	32,276	32,079
Number of employees (10)	**36,928**	36,507	35,660	35,335	34,429
Number of branches (11)	**1,592**	1,604	1,600	1,595	1,567

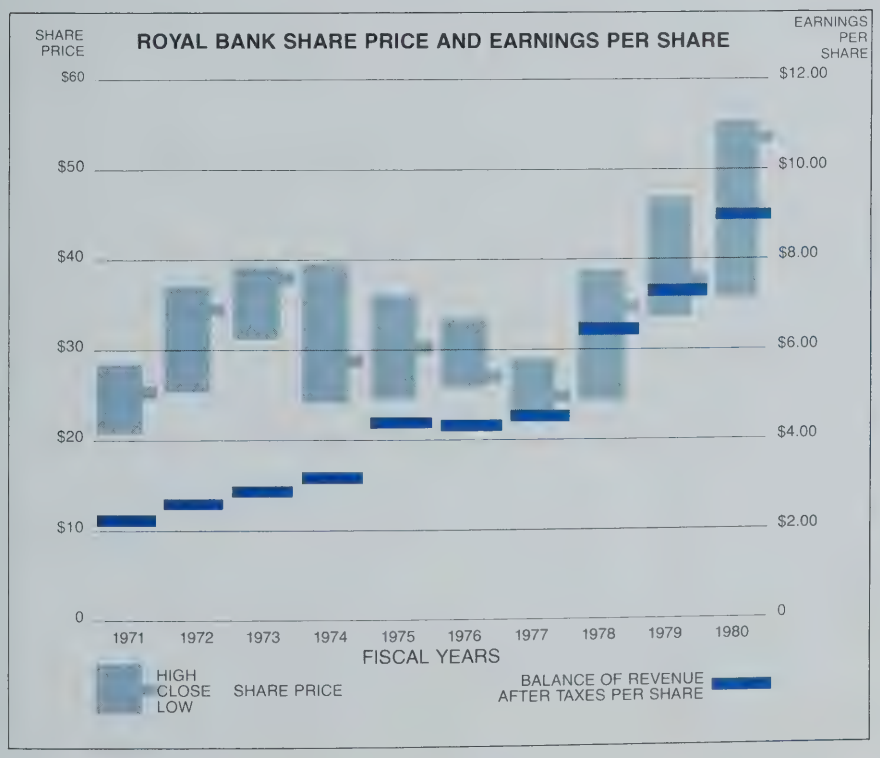
Quarterly Perspective

(in thousands except per share)

Year	Fiscal Quarter	Net Interest Revenue (Taxable Equiv. Basis)	Other Operating Revenue	Non-Interest Expenses (Excl. Loan Loss Provision)	Loan Loss Provision	Balance of Revenue After Taxes	Earnings Per Share	Dividends Per Share
1979	I	$ 324,872	$ 75,378	$ 232,746	$ 29,082	$ 77,074	$2.11	$ .50
1979	II	299,782	70,284	238,439	26,200	53,479	1.46	.55
1979	III	318,325	78,683	258,312	30,600	56,037	1.53	.55
1979	IV	358,306	85,895	266,201	17,266	84,123	2.30	.58
1979	Full Year	$1,301,285	$310,240	$ 995,698	$103,148	$270,713	$7.40	$2.18
1980	I	$ 363,289	$ 86,216	$ 274,586	$ 27,700	$ 78,555	$2.15	$ .60
1980	II	374,522	87,130	290,289	29,800	75,091	2.05	.60
1980	III	371,634	99,431	296,720	31,700	76,205	2.08	.64
1980	IV	424,386	96,884	314,848	31,575	97,579	2.64	.68
1980	**Full Year**	**$1,533,831**	**$369,661**	**$1,176,443**	**$120,775**	**$327,430**	**$8.92**	**$2.52**

1975	1974	1973	1972	1971
$23,393	$20,344	$16,271	$13,847	$12,076
3.16%	2.78%	2.87%	2.77%	2.77%
.77%	.68%	.71%	.73%	.74%
2.43%	2.23%	2.24%	2.14%	2.20%
.21%	.15%	.13%	.13%	.12%
2.64%	2.38%	2.37%	2.27%	2.32%
.66%	.53%	.61%	.63%	.59%
34,925	33,264	33,264	33,264	33,264
$ 4.39	$ 3.22	$ 2.98	$ 2.62	$ 2.13
$ 1.23	$ 1.10	$ 1.02	$ .96	$ .88
$ 36½	$ 39¼	$ 39⅛	$ 37½	$ 28⅜
$ 24⅜	$ 24¼	$ 32⅛	$ 25⅛	$ 20¾
$ 30¾	$ 28¾	$ 38⅜	$ 34¾	$ 25⅜
$ 25.23	$ 22.95	$ 21.80	$ 19.79	$ 17.86
6.9	9.9	12.0	12.0	11.5
4.0%	3.5%	2.9%	3.1%	3.6%
20.4:1	21.9:1	19.8:1	18.5:1	17.6:1
18.4%	14.4%	14.3%	13.9%	12.4%
32,329	31,345	31,562	31,600	32,239
32,464	31,094	28,225	25,701	24,435
1,524	1,470	1,409	1,393	1,366

(1) The history of this category has been restated to allow for a more complete calculation of the taxable equivalent adjustment.
(2) Weighted monthly average of equivalent fully paid shares outstanding for years 1979 and prior. For 1980, total is calculated on an average daily basis.
(3) High and low price of shares traded on the Toronto stock exchange during the fiscal year and the closing price on the last trading day of October.
(4) Shareholders' equity plus accumulated appropriations for losses divided by the number of equivalent fully paid shares outstanding at fiscal year end.
(5) The average of the high and low share price for the year divided by earnings per share.
(6) Dividends per share divided by the average of the high and low share price.
(7) Total deposits to total capital (shareholders' equity, accumulated appropriations for losses and debentures) at fiscal year end. Included in 1979's figure is $159 million of Globe Realty Limited's preferred shares which are exchangeable into those of the Bank. In 1980's figure is $154 million of the preferred shares plus US$75 million (Cdn$88 million) of exchangeable Globe Realty Limited debentures.
(8) Balance of revenue after taxes divided by average shareholders' equity, plus accumulated appropriations for losses.
(9) Royal Bank shareholders at fiscal year end.
(10) For 1978 and prior, figures are for full time staff of the Royal Bank not including consolidated subsidiaries at fiscal year end. For 1979 and 1980, figures include all consolidated subsidiaries but exclude staff on leave without pay. As a result of local incorporation of our operations in several countries, a number of staff and branches cease to be included in reported figures. The approximate number of staff affected are:
1971 Venezuela-230
1972 Jamaica-230, Trinidad & Tobago-345
1977 Colombia-230
(11) The number of branches dropped because of local incorporation are:
1971 Venezuela-6
1972 Jamaica-14, Trinidad & Tobago-15
1977 Colombia-9



For the information of shareholders, the valuation day, December 22, 1971, value of the Bank's capital stock for capital gains tax purposes as published by the Department of National Revenue, Taxation, is $29.50.

Ten-Year Statistical Review

(in thousands)

Assets and Liabilities	1980	1979	1978	1977
Assets				
Cash resources	**$12,790,241**	$11,081,313	$ 8,147,142	$ 7,165,038
Securities	**6,145,924**	5,826,709	4,564,849	3,403,064
Loans including day loans	**37,568,855**	31,116,655	25,446,577	21,819,176
Bank premises (net)	**599,898**	536,476	474,626	413,273
Other assets	**5,728,934**	3,160,763	2,271,322	1,549,783
Total assets	**$62,833,852**	$51,721,916	$40,904,516	$34,350,334
Liabilities				
Canadian dollar deposits	**$30,549,226**	$25,977,003	$22,794,641	$20,056,061
Foreign currency deposits	**23,752,591**	20,409,786	14,195,918	11,323,853
Total deposits	**54,301,817**	46,386,789	36,990,559	31,379,914
Sundry liabilities	**5,881,802**	3,165,406	2,095,954	1,455,640
Debentures	**594,226**	519,559	413,666	353,891
Accumulated appropriations for losses	**370,143**	357,652	325,470	306,660
Shareholders' equity	**1,685,864**	1,292,510	1,078,867	854,229
Total liabilities	**$62,833,852**	$51,721,916	$40,904,516	$34,350,334
Revenue & expenses				
Income from loans	**$ 6,076,229**	$ 4,215,510	$ 2,838,446	$ 2,283,792
Income from securities (tax. equiv. basis)	**799,265**	670,253	367,355	275,603
Sub-total	**6,875,494**	4,885,763	3,205,801	2,559,395
Interest paid on deposits and debentures	**5,341,663**	3,584,478	2,081,100	1,617,028
Net interest revenue (tax. equiv. basis)	**1,533,831**	1,301,285	1,127,701	942,367
Other operating revenue	**369,661**	310,240	258,356	225,333
Staff costs	**727,256**	627,490	536,793	484,342
Property expenses	**182,253**	162,492	151,076	133,572
Other expenses	**266,934**	205,716	171,350	153,012
Loan loss provision	**120,775**	103,148	92,856	81,449
Non-interest expenses	**1,297,218**	1,098,846	952,075	852,375
Balance of revenue (tax. equiv. basis)	**606,274**	512,679	430,982	315,325
Taxable equivalent adjustment	**221,144**	195,666	69,780	40,703
Balance of revenue (statutory)	**385,130**	317,013	361,202	274,622
Provision for income taxes	**57,700**	46,300	127,300	105,800
Balance of revenue after taxes	**$ 327,430**	$ 270,713	$ 233,902	$ 168,822
Dividends	**$ 94,549**	$ 79,767	$ 57,264	$ 50,495

1976	1975	1974	1973	1972	1971
$ 6,239,013	$ 5,348,281	$ 4,563,183	$ 5,338,982	$ 3,688,244	$ 3,003,367
3,185,296	2,576,057	2,812,869	2,143,978	2,296,048	2,258,855
17,825,430	15,816,493	12,713,031	9,972,051	8,111,053	6,973,914
332,449	237,253	168,306	137,749	119,920	117,346
1,249,398	1,233,047	1,412,491	770,775	552,251	600,096
$28,831,586	$25,211,131	$21,669,880	$18,363,535	$14,767,516	$12,953,578
$17,475,414	$14,933,619	$12,503,119	$10,371,937	$ 9,065,749	$ 7,672,871
8,815,417	7,937,256	6,938,254	6,428,364	4,471,633	4,099,430
26,290,831	22,870,875	19,441,373	16,800,301	13,537,382	11,772,301
1,249,906	1,219,866	1,340,098	713,124	496,985	512,240
270,000	200,000	125,000	125,000	75,000	75,000
289,947	277,113	246,623	233,835	215,840	186,193
730,902	643,277	516,786	491,275	442,309	407,844
$28,831,586	$25,211,131	$21,669,880	$18,363,535	$14,767,516	$12,953,578
$ 2,020,941	$ 1,793,722	$ 1,613,365	$ 1,015,923	$ 728,294	$ 664,348
238,421	201,134	173,244	123,980	117,701	123,202
2,259,362	1,994,856	1,786,609	1,139,903	845,995	787,550
1,431,877	1,256,592	1,221,258	673,477	462,656	452,540
827,485	738,264	565,351	466,426	383,339	335,010
198,245	179,378	137,569	115,364	100,534	88,953
428,391	362,099	291,197	233,661	181,681	166,342
111,866	88,003	70,503	56,730	48,857	45,235
131,206	118,283	92,222	74,136	65,727	54,485
66,503	49,954	30,972	21,649	18,708	14,093
737,966	618,339	484,894	386,176	314,973	280,155
287,764	299,303	218,026	195,614	168,900	143,808
20,375	11,431	7,024	3,470	3,401	3,426
267,389	287,872	211,002	192,144	165,499	140,382
110,000	134,630	103,800	92,900	78,286	69,500
$ 157,389	$ 153,242	$ 107,202	$ 99,244	$ 87,213	$ 70,882
$ 47,751	$ 43,751	$ 36,590	$ 33,929	$ 31,933	$ 29,272

Directors

Directors

Chairman and Chief Executive Officer

Rowland C. Frazee
Montreal
Chairman and
Chief Executive Officer
The Royal Bank of Canada

President

Jock K. Finlayson
Toronto
President
The Royal Bank of Canada

Vice-Chairmen

R.A. Utting
Montreal
Vice-Chairman
The Royal Bank of Canada

H.E. Wyatt
Calgary
Vice-Chairman
The Royal Bank of Canada

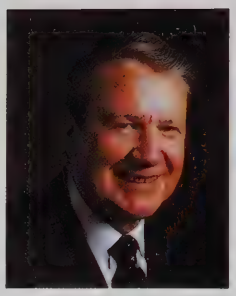
Vice-Presidents

W. O. Twaits, C.C.
Toronto
Company Director

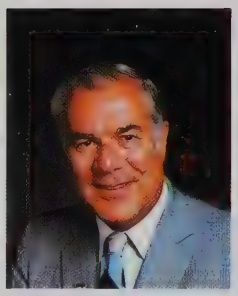
Ian D. Sinclair
Montreal
Chairman and
Chief Executive Officer
Canadian Pacific Limited

Directors (continued)

D.S. Anderson
Toronto
Chairman,
Canada Realties Limited

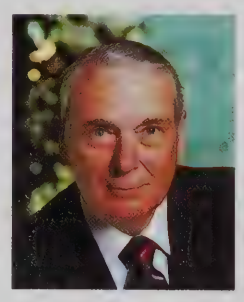


John A. Armstrong
Toronto
Chairman and
Chief Executive Officer,
Imperial Oil Limited

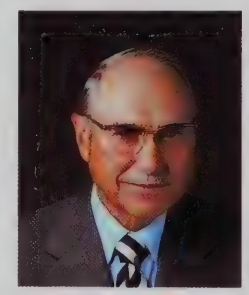


Ian A. Barclay
Vancouver
Chairman,
British Columbia
Forest Products Limited

T.J. Bell, M.C.
Toronto
Chairman of the Board,
Abitibi-Price Inc.



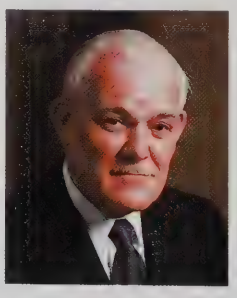
G.H. Blumenauer
Hamilton
Chairman and President,
Otis Elevator Company Limited



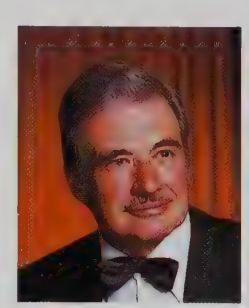
G. Allan Burton, D.S.O., E.D., LL.D.
Toronto
Company Director

R.B. Cameron, O.C., D.S.O.
New Glasgow
Chairman,
Maritime Steel and Foundries Limited

John H. Coleman
Toronto
President,
J.H.C. Associates Limited



F.B. Common, Jr., Q.C.
Montreal
Partner,
Ogilvy, Renault



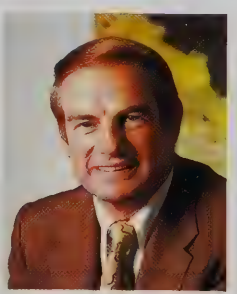
F.M. Covert, O.B.E., D.F.C., Q.C.
Halifax
Partner,
Stewart, MacKeen & Covert

Camille A. Dagenais
Montreal
Chairman and
Chief Executive Officer,
The SNC Group

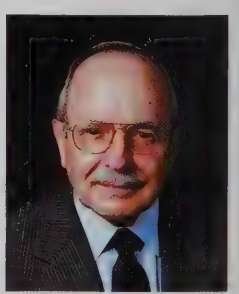
Mrs. Mitzi S. Dobrin
Montreal
Group Vice-President
and General Manager,
Steinberg Inc.

G. Campbell Eaton, O.C., M.C., LL.D., C.D.
St. John's, Nfld.
Managing Director,
Nfld. Tractor & Equip. Co., Ltd.

W.D.H. Gardiner
Vancouver
President,
W.D.H.G. Financial Associates Ltd.



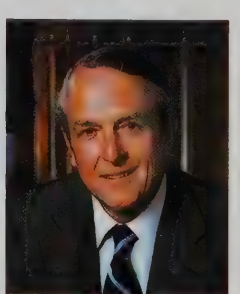
D.R. Getty
Edmonton
President,
D. Getty Investments Ltd.



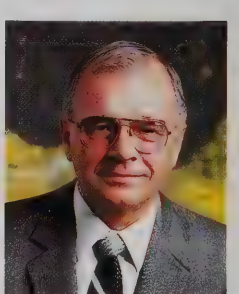
Floyd D. Hall
New York
Chairman of the
Executive Committee,
Intl. Air Transport Assn.

Walter F. Light
Mississauga
President and Chief
Executive Officer,
Northern Telecom Limited

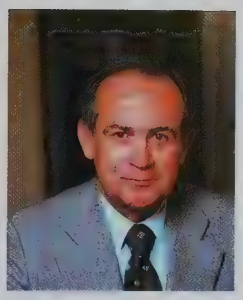
Tong Louie
Vancouver
President and
Chief Executive Officer,
H.Y. Louie Co. Limited



P.L.P. Macdonnell, O.C., Q.C.
Edmonton
Partner,
Milner & Steer



J.D. Maclennan
Regina
President and
Chief Executive Officer,
Interprovincial Steel and Pipe Corporation Ltd.



Clifford S. Malone
Toronto
President and
Chief Executive Officer,
Canron Inc.

F.C. Mannix
Calgary
Company Director

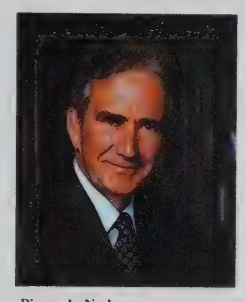
J. Pierre Maurer
New York
Executive Vice President,
Metropolitan Life
Insurance Company

John R. McCaig
Calgary
Chairman and
Chief Executive Officer,
Trimac Limited

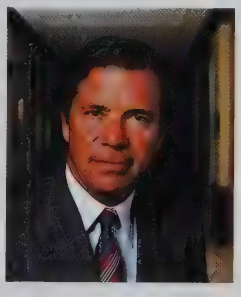
Mrs. Dawn R. McKeag
Winnipeg
President,
Walford Investments Ltd.

W. Earle McLaughlin
Montreal
Former Chairman of the Board,
The Royal Bank of Canada

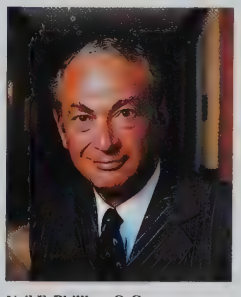
J.P. Monge
Rancho Santa Fe, Calif.
Chairman,
Amcan Group, Inc.



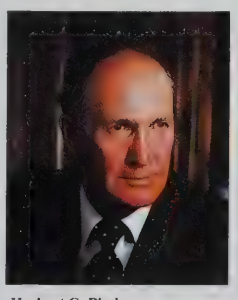
Pierre A. Nadeau
Montreal
Chairman of the Board, President
and Chief Executive Officer,
Petrofina Canada Inc.



Paul Paré
Montreal
Chairman and
Chief Executive Officer,
Imasco Limited



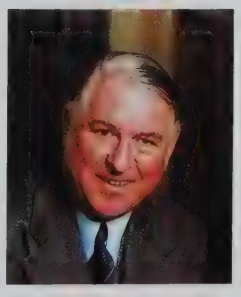
Neil F. Phillips, Q.C.
Montreal
Partner,
Phillips & Vineberg



Herbert C. Pinder
Saskatoon
President,
Saskatoon Trading Company Limited

Claude Pratte, Q.C.
Quebec
Advocate

L. Merrill Rasmussen
Cody, Wyoming
President and
Chief Executive Officer,
Husky Oil Company



Charles I. Rathgeb
Toronto
Chairman
Comstock International Ltd.

A.M. Runciman
Winnipeg
President,
United Grain Growers Limited

P.R. Sandwell
Vancouver
Chairman,
Sandwell and Company Limited

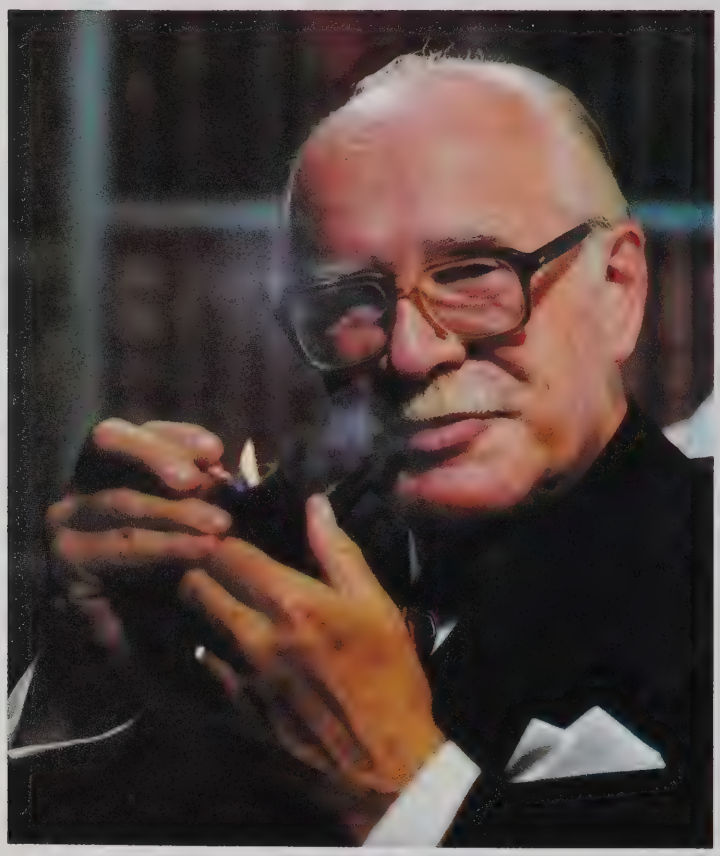
P.N. Thomson
Coral Harbour, Bahamas
Chairman,
T.I.W. Industries Ltd.

John A. Tory, Q.C.
Toronto
President,
The Thomson Corporation Limited

W.P. Wilder
Toronto
President and
Chief Executive Officer,
Hiram Walker-Consumers
Home Ltd.

C.N. Woodward
Vancouver
Chairman of the Board and
Chief Executive Officer
Woodward Stores Limited

W. Earle McLaughlin



W. Earle McLaughlin was Chief Executive Officer of The Royal Bank of Canada during a period of extraordinary change. During the 18 years he was at the helm, the political, social and economic world changed radically, there were far-reaching changes in banking in Canada and abroad, and the Royal Bank itself was transformed. One measure is that from the time he became President until his retirement as Chairman of the Board at the end of September 1980, the Bank's assets grew fifteen-fold—from $4 billion to a total of more than $60 billion.

Significant as these numbers are, I believe there is a deeper importance to two other achievements of the McLaughlin years. First, he placed his own special stamp upon the corporation, creating inside it an atmosphere and style conducive to teamwork and the development of each individual's skills and potential. The result has been an organization known for its depth of management. Second, he consistently spoke out in public, and became known, for a remarkable number of years, as the leading corporate commentator upon Canada's economic situation and economic policies.

Today it is an increasingly accepted proposition that the corporate chief executive has a responsibility to contribute knowledge, ideas and judgment to public discussion of economic and other topics of national importance. In a time when it was the exception rather than the rule, Earle McLaughlin pioneered this role, and applied his keen mind, over the years, to a wide variety of subjects of great importance to the country. In doing so, he earned a special place in Canadian public life.

Rowland C. Frazee
Chairman & Chief Executive Officer

Organization

Executive Officers

Chairman & Chief Executive Officer
Rowland C. Frazee

President
J.K. Finlayson (Toronto)

Vice-Chairman
R.A. Utting

Vice-Chairman
H.E. Wyatt (Calgary)

Executive Vice-President, Finance & Investments
B.D. Gregson

Executive Vice-President, National Accounts
J.C. McMillan (Toronto)

Executive Vice-President, Canada
A.H. Michell

Executive Vice-President, World Trade & Merchant Banking
R.G.P. Styles (Toronto)

Executive Vice-President, International Banking
A.R. Taylor

Affiliated Banks & Financial Organizations

RBC Holdings B.V.
R.C. Paterson, Chairman of the Board of Supervising Directors (London, England)

RBC Houdstermaatschappij B.V.
R.C. Paterson, Chairman of the Board of Supervising Directors (London, England)

Head Office Management

Senior Vice-Presidents
L.E. Gillmoure
A.G. Halliwell
H.S. Hardy
B.V. Kelly
W.A.R. MacDonald
A.H. MacKenzie
H.E. McClenaghan (Calgary)
W.N. McFadyen
E.P. Neufeld
M.J. Regan (Toronto)
R.G.M. Sultan (Calgary)
J.M. Walker (Toronto)

Vice-Presidents
G.C. Aitken
W.C. Bull
J.T. Burnett
A.M. Channell
G.J. Feeney
J.C. Grant
L.M. Irvine
G.J. Johnson (Calgary)
W.J. McCartney (Toronto)
J.A. Milburn
N.L. Rapkin
J.G. Stabback (Calgary)
D.S. Wells
G.W. Wheeler

Vice President & Comptroller
K.A. Smee

Chief Inspector
D.F.W. Bruce

Secretary
R.J. Moores

Assistant General Managers
J.P. Béland
G.A. Bellevue
H.G. Buckrell
W.P. Carter
J.P. Clarke
G.E. Farrow
E.D. Ferguson (Toronto)
W.R. Fithern
J.M. Froese (Toronto)
R. Gazard
E.L. Grosland (Toronto)
R.F. Gulliford (Toronto)
G.P. Hanson (Toronto)
G.R. Heckman
J.E. Henry (Toronto)
C.P. James (Toronto)
S.B. Labarge
W.J. MacKay (London, England)
C.G. MacKenzie
R.A. Masleck
A.A. McArthur (Calgary)
H.D. McRorie (Winnipeg)
K.J. Morrison
W.J.H. Nimmo (Vancouver)
J.V. Oram
H.C. Stewart
E.G. Stone (Toronto)
P.A. Taylor (Toronto)
A.L. Tower (Toronto)
P.H. Tucker
A.A. Webb (Toronto)

Field Management

Senior Vice-Presidents & General Managers
R.B. Ashforth (Calgary)
J.E. Cleghorn (Vancouver)
W.D. Henry (Toronto)
F.P. Paradis (Montreal)
W.S. Snook (New York)

Senior Vice-Presidents
M.O.P. Morrison (Toronto)
J.C. Sinclair (Toronto)

Vice-Presidents & General Managers
J.G. Macpherson (Halifax)
W.C.C. Mackay (London, England)
J.B. McDonald (Winnipeg)
J.N.T. Rednall (Hong Kong)
R.B. Robertson (Regina)
P. J. Rossiter (London, England)
C.P. de Souza (Coral Gables, Florida)
A. de Takacsy (Paris, France)

Vice-Presidents
M.C.S. Baptista (Toronto)
J.G.R. Bénard (Montreal)
W.J. Gorman (Toronto)
D.C. Maltby (Calgary)
J.M. Messmer (Toronto)

Assistant General Managers
J.D. Anderson (San Francisco)
W.D. Anderson (Winnipeg)
E.P. Archibald (Calgary)
R.G. Bernard (Montreal)
J.G. Bisaillon (Montreal)
T.W. Bleackley (Vancouver)
J.H.E. Bolduc (New York)
N. Brewis (Hong Kong)
V.A. Brown (Coral Gables, Florida)
E.R.G. Burgess (Ottawa)
G.R. Burns (Toronto)
J.G.H. Camiré (Montreal)
J.T. Clayden (Hong Kong)
A.E. Colling (Hamilton)
J.D. Davison (Toronto)
W.R. Dinwoodie (New York)
W.D. Dobson (Regina)
K.W. Doupe (Toronto)
J.B. Easton (Toronto)
L.G. Edmonds (Vancouver)
W.H. Gilbert (Toronto)
W.J. Grace (Sudbury)
B.M. Gray (Paris, France)
F.W. Hedger (London, England)
N.G. Homsy (London, England)
A.L. Johnson (London, Ontario)
A.J.P. Joss (Toronto)
V.E. Keating (Vancouver)
D.N. Kitchen (Toronto)
R.P. Lasnier (Montreal)
E.W. Latimer (Toronto)
W.P. Lefaivre (Edmonton)
H.R. McLean (Toronto)
S.A. Middaugh (Halifax)
W.E. Neapole (Calgary)
M.D. Pollock (Vancouver)
J.H. Prenger (London, England)
R.D. Séguin (Montréal)
J.K. Talbot (Coral Gables, Florida)
M.L. Turcotte (Montreal)
E.D. Welland (Toronto)
D.C. Williamson (Vancouver)
G.M. Youssef (New York)

Canada Division

A.H. Michell, *Executive Vice-President*

Commercial Bank

A.G. Halliwell, *Senior Vice-President, Commercial Bank—Canada*
D.S. Wells, *Vice-President, Commercial Lending*
W.J. McCartney, *Vice-President, Commercial Marketing (Toronto)*
G.A. Bellevue, *Assistant General Manager, Commercial Lending*
J.P. Clarke, *Assistant General Manager, Commercial Lending*
J.M. Froese, *Assistant General Manager, Commercial Services (Toronto)*
J.E. Henry, *Assistant General Manager, Commercial Markets (Toronto)*
H.D. McRorie, *Assistant General Manager, Agricultural Services (Winnipeg)*

Retail Bank

W.A.R. MacDonald, *Senior Vice-President, Retail Bank—Canada*
G.W. Wheeler, *Vice-President, Retail Banking*
W.P. Carter, *Assistant General Manager, Retail Lending and Mortgage Services*
W.R. Fithern, *Assistant General Manager, Chargex/VISA*

Business Development

J.A. Milburn, *Vice-President*

Operations & Systems

L.E. Gillmoure, *Senior Vice-President*
G.J. Feeney, *Vice-President, Branch & Processing Operations*
J.C. Grant, *Vice-President, Systems Development*
L.M. Irvine, *Vice-President, Real Estate Resources*
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G.R. Heckman, *Assistant General Manager, Processing Systems*
K.J. Morrison, *Assistant General Manager, Business Systems Development*
H.C. Stewart, *Assistant General Manager, Real Estate Resources*

Comptroller

C.G. MacKenzie, *Assistant General Manager and Comptroller*

Field

Atlantic Provinces

Halifax

J.G. Macpherson, *Vice-President and General Manager*
S.A. Middaugh, *Assistant General Manager, Branch Banking*

Quebec

Montreal

F.P. Paradis, *Senior Vice-President and General Manager*
J.G.R. Bénard, *Vice-President*
R.G. Bernard, *Assistant General Manager, Commercial Marketing*
J.G. Bisaillon, *Assistant General Manager, Quebec West*
J.G.H. Camiré, *Assistant General Manager, Administration & Comptroller*
R.P. Lasnier, *Assistant General Manager, Quebec East*
R.D. Séguin, *Asssitant General Manager, Commercial Lending*
M.L. Turcotte, *Assistant General Manager & Manager, Montreal Branch*

Ontario

Toronto

W.D. Henry, *Senior Vice-President and General Manager*
M.O.P. Morrison, *Senior Vice-President, Retail Banking*
J.C. Sinclair, *Senior Vice-President, Commercial Banking*
M.C.S. Baptista, *Vice-President, Commercial Marketing*
W. J. Gorman, *Vice-President, Commercial Branches*
J.M. Messmer, *Vice-President, Commercial Lending*
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G.R. Burns, *Assistant General Manager, Commercial Banking*
A.E. Colling, *Assistant General Manager & Area Executive, Greater Hamilton Area*
J.D. Davison, *Assistant General Manager, Commercial Lending*
K.W. Doupe, *Assistant General Manager, Commercial Lending*
J.B. Easton, *Assistant General Manager, Commercial Lending*
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W.J. Grace, *Assistant General Manager & Area Executive, Northern Ontario Area*
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A.J.P. Joss, *Assistant General Manager & Area Executive, Metro East Area*
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W.E. Neapole, *Assistant General Manager & Manager, Calgary Branch*

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British Columbia

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World Trade & Merchant Banking Division

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World Trade (Toronto)

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Merchant Banking (Toronto)

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D.I.K. Middleton, *Manager*

Quebec (Montreal)
D.R.N. Romain, *Manager*

Ontario (Toronto)
G.A. Voyer, *Manager*

Manitoba (Winnipeg)
L.G. Bignell, *Manager*

Saskatchewan (Regina)
J. Williamson, *Manager*

Alberta (Calgary)
G. Underwood, *Manager*

British Columbia (Vancouver)
H.C. Burnett, *Manager*

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B.V. Kelly, *Senior Vice-President*
W.N. McFadyen, *Senior Vice-President, Commercial & Retail Banking*
A.M. Channell, *Vice-President—Loans*
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P.E. Racine, District Manager

Barbados
Bridgetown
C.H. Anderson, District Manager, Eastern Caribbean

Belize
Belize City
K.E.D. Fisher, Manager

Cayman Islands
Grand Cayman
D.J.A. Stewart, Manager

Dominican Republic
Santo Domingo
L.L. Street, District Manager

Guyana
Georgetown
S.J.R. Affonso, District Manager

Haiti
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Control and Financial Planning
K.A. Smee, *Vice-President & Comptroller*

Investments
G.C. Aitken, *Vice-President & Treasurer*
G.E. Farrow, *Assistant General Manager, Global Funds Management*
G.P. Hanson, *Assistant General Manager, Canadian Money Markets (Toronto)*

Secretariat
R.J. Moores, *Secretary*

Corporate Departments

Chief Inspector's
D.F.W. Bruce, *Chief Inspector*

Corporate Planning & Organization
W.C. Bull, *Vice-President*

Economics
E.P. Neufeld, *Senior Vice-President & Chief Economist*
R.W. Baguley, *Deputy Chief Economist*

Law
J.T. Burnett, *Vice-President & General Counsel*

Personnel
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H.G. Buckrell, *Assistant General Manager, Corporate Personnel Services*
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Public Affairs
H.S. Hardy, *Senior Vice-President*
D.D.E. Grier, *Chief Adviser, Government & Corporate Affairs*
F.G. Ballachey, *Manager, Government Relations (Ottawa)*
J.G. Etherington, *Manager, Public Relations & Communications*
P.A. Case, *Manager, Public Relations (Toronto)*

Taxation
N.L. Rapkin, *Vice-President*

Agricultural Services
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H.D. McRorie, Assistant General Manager

Districts

Atlantic Provinces (Halifax)
J.T. Bricker, Manager

Quebec (Montreal)
F. Fortier, Manager

Ontario (Toronto)
G.W. Arnold, Manager

Manitoba (Winnipeg)
S.M. Bond, Manager

Saskatchewan (Regina)
J.J. Murphy, Manager

Alberta (Calgary)
K.R. Sveinson, Manager

British Columbia (Vancouver)
J.L. Ranta, Manager

Real Estate Services

Globe Realty Limited—*Headquarters Montreal, Quebec*
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Global Energy & Minerals Group—*Headquarters Calgary, Alberta*
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H.E. McClenaghan, Senior Vice-President
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G.D. Nickoloff, Group Manager, Oil & Gas
R.A. Boulay, Group Manager, Energy & Minerals Projects
D.A. Tuer, Group Manager, International, Enhanced Recovery & Offshore Petroleum
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British Columbia 204/Northwest
Territories 3/ Yukon 3

Total 1508

Branches in Other Countries 84
Total (including sub-branches) 1592
*As At October 31, 1980

In addition to the above, the Royal Bank has financial interest in 113 Subsidiaries and Affiliates throughout the world.

Other Countries

The Royal Bank of Canada is represented through branches, subsidiary or affiliated banks, trust companies, other financial institutions or resident representatives in the following countries:

Antigua/Argentina/Australia/
Bahamas/Bahrain/Barbados/
Belgium/Belize/Brazil/Cayman
Islands/Channel Islands/Columbia/
Dominica/Dominican Republic/
Egypt/France/Germany/Greece/
Grenada/Guyana/Haiti/Hong
Kong/Jamaica/Japan/Lebanon/
Mexico/Montserrat/The Netherlands/
Netherlands Antilles/Panama/Puerto
Rico/Republic of Korea/St. Kitts/
St. Lucia/St. Vincent/Singapore/
Switzerland/Thailand/Trinidad &
Tobago/United Arab Emirates
(Dubai)/United Kingdom/United
States of America/U.S. Virgin
Islands/Venezuela.

Detailed information concerning Royal Bank representation throughout the world may be obtained from any branch of the Bank, or from the Bank's Head Office, 1 Place Ville Marie, Montreal, Quebec, Canada (P.O. Box 6001, Montreal, Quebec, H3C 3A9, Canada) Telephone (514) 874-2110.

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